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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
January 11, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, I'd like to consider this morning's presentation of the administration's reallocation recommendations to be the principal part of this month's report, and the written version will be appended to the copies that are distributed by mail.

**• International Developments •**

Our internal reallocations discussions will obviously generate considerable controversy, but that pales in comparison to some of the truly frightening developments on the international scene. Given the rising tensions in the Persian Gulf, the Middle East, and North Africa, I want to assure the Board that University offices are monitoring developments that could affect our students, staff, and faculty who are in those regions. The experience we gained dealing with the earlier events in the People's Republic of China has helped us with monitoring these kinds of situations and maintaining channels of communication with University of Minnesota people.

Yesterday, the U. S. State Department recommended that U. S. citizens in non-essential roles leave Morocco, due to local unrest and concerns about actions that might be taken against Americans. We have been in contact with the eight University students and their advisor who are in Morocco, and we are taking them out tomorrow.

For our part, back home, I'd also like to point out that we are presently host to 225 students, staff, and faculty from the Persian Gulf countries and other countries in the region that might well be involved in or threatened by an outbreak of war. I believe that places special responsibilities on us as an educational institution.

International students contribute valued diversity to universities like ours, and we must afford them the full respect for their individual views and the full protections to pursue their educational goals. Real or potential conflict involving our country and theirs cannot be allowed to infringe on their lives as students and scholars -- as our guests. I have asked that this be treated as another aspect of community diversity and tolerance to be included in this month's programming efforts to combat racism and bigotry.

Should any of our international students' governments advise them to return home, we will extend our full cooperation. And, to the extent that University people and offices can help any of our guests cope with problems that may arise, we stand ready to do so.

### • Intercollegiate Athletics •

I'd like to bring to the Board's attention three athletically-related issues. The first is that on December 14th, the NCAA issued a long-awaited Official Inquiry regarding 21 alleged violations of NCAA rules. The University has completed a draft response and will submit its final response by January 14. In early February, formal hearings on the matters will be held in San Diego, where I, along with a University delegation, will appear before a review panel.

At this point, it is pure speculation to predict the outcome of those hearings. Suffice it to say that although they are serious, the majority of the alleged violations took place prior to 1988 and involved incidents relating to Luther Darville. Since that time, additional steps have been taken to ensure compliance with the letter as well as the spirit of the NCAA rules.

A second athletic issue involves the NCAA Convention which is currently winding up in Nashville. As I indicated in last month's report, this meeting has been labelled the "reform convention," and I am pleased to announce that a broad-based package of reforms have, in fact, been adopted by overwhelming margins. Through the leadership of the NCAA Presidents' Commission, legislation was adopted that, among other things:

- restricts playing and practice seasons to 22 weeks;
- limits practice time to 20 hours a week;
- reduces the number of coaches in all sports;
- decreases by 10% the number of athletic scholarships;
- reduces the number of evaluations and personal contacts of recruits by coaches
- eliminates athletic dormitories and limits training table meals to one a day; and
- requires exit interviews for athletes in all sports.

These, along with all the rest of the 39 proposals sponsored by the Presidents' Commission, were approved and will set the stage for the next round of reform. At that time, some of the reforms will be fine-tuned to ensure gender equity, to address problems in individual sports, and to promote academic graduation rates.

I want to extend my appreciation to Dean Robert Stein, who so ably headed our delegation to the convention and dealt with its complexities.

A third and certainly the most gratifying athletic note is the naming of Marie Roethlisberger as a winner of the NCAA's "Top Six" award. That

award, which is based upon academic and athletic excellence, honors the **nation's top six student-athletes**. This is the first time that a University of Minnesota student has received the honor, and it is one for which the entire University community salutes Marie.

• Personnel Actions •

I am very pleased to recommend this month the appointment of Professor Richard L. Jones as Dean of the College of Agriculture, effective immediately. Professor Jones has headed our Department of Entomology since 1984 and has been on our faculty since 1977. He will provide fine leadership in an area that is of major importance to the University's threefold mission in teaching, research, and public service.

I should also report on two other dean searches that are progressing. This week, the first candidates for the College of Liberal Arts and for the School of Public Health were on campus for interviews. The remaining candidates will be interviewed later this month, and it is my hope to bring recommendations to the Board this spring.

The candidates for the College of Liberal Arts dean are:

David Forbes Bright, Dean of the College of Liberal Arts and Sciences, Iowa State University

Julia M. Davis, Associate Provost, University of South Florida, Tampa

Carol Tomlinson-Keasey, Chairperson, Department of Psychology, University of California, Riverside

W. Phillips Shively, Professor of Political Science, University of Minnesota

Robert Sekuler, Provost and Dean of the Faculty, Brandeis University.

The candidates for the School of Public Health dean are:

Suzanne Eggleston Dandoy, Director, Utah Department of Health

Stephen Joseph, former Commission of Health, New York City

Johanna Dwyer, Professor of Medicine and Community Health, Tufts University, and Director, Frances Stern Nutrition Center, New England Medical Center Hospitals.

**Appendices:**

1. **"Restructuring and Reallocation: Improving Quality in a Time of Limited Resources"**

**Note: Only an executive summary is appended for those who have already received a full copy of the reallocation proposals. If you have not received the full copy and would like one, please call the President's Office (612) 626-1616.**

2. **Regents' Resolution on the 1991-93 Biennial Request**

Nils Hasselmo  
January 9, 1991

## **UNIVERSITY OF MINNESOTA**

### **RESTRUCTURING AND REALLOCATION: IMPROVING QUALITY IN A TIME OF LIMITED RESOURCES**

The 1990s decade poses extraordinary challenges to the University of Minnesota -- indeed, to all of higher education in Minnesota. We have tried to do too much -- more than we have been equipped to do -- and while Minnesota has provided broad access, especially to undergraduate higher education, quality has suffered.

Throughout the 1990s and into the 21st Century, Minnesota will inevitably face unprecedented competition in the national and international marketplaces of knowledge, talent, and economic development. "Pretty good" may be an insightful commentary on Minnesota's characteristic modesty, but it doesn't capture the kind of quality that Minnesota needs in college and university graduates, in research enterprises, and in the application of new knowledge through community outreach.

The University of Minnesota must provide leadership for quality improvement, starting with fundamental, institutional change within the University, and carrying over into fully cooperative efforts to promote higher quality throughout Minnesota's educational systems.

**Two imperatives must drive decisions about the University of Minnesota at this time:**

- the necessity to continue and intensify efforts to improve quality, and
- the necessity to make those quality improvements within limited resources.

**Quality improvement has been, and remains, the thrust of the University's entire planning and decision-making process.**

- Academic Priorities is the comprehensive plan that serves as the basis for decisions for the Twin Cities campus, and corresponding documents guide developments on the coordinate campuses; all have been approved by the Board of Regents within the past three years.
- The Board of Regents' resolution of June, 1990, stresses the need for program change as a basis for reallocation.
- \$13.9 million was reallocated last year to high priorities, including academic and civil service salaries and the Initiative for Excellence in Undergraduate Education.
- \$20 million was set as the goal for reallocation for 1991-93 in the University's biennial legislative request statement. approved by the Board of Regents in November, 1990.
- The University administration now recommends that the goal for reallocation be increased to \$60 million (10% of the state-funded base) for the period, 1991-1996.

**In response to state revenue and expenditure projections, the state government has told us not to ask for any increases for 1991-93 – and to justify our current funding.**

- Preserving the current base funding must be the University's main concern, of enormous importance for the future of the University of Minnesota and the development of the state.
- The University administration recommends to the Board of Regents that the 1991-1993 legislative request for \$34 million in new **program funding** be withdrawn immediately. In the 1991 legislative session, the

University must concentrate its efforts on academic and civil service salary increases that recognize the effects of inflation.

- The needs behind the \$34 million original request are very real; they can be covered only in part by intensified reallocation.
- The University administration believes that an expanded reallocation effort to enhance quality is the strongest argument to preserve our base funding.

The base reflects the fundamental importance to the state of the University of Minnesota's teaching, research, and outreach leadership,

A commitment to reallocate \$60 million, approximately 10% of the University's state funding base, demonstrates a dramatic University effort to accomplish productivity improvements without making new demands on state revenues; it's essential that the University's state funding base be preserved to allow those reallocation decisions to be carried out.

The Governor and the Minnesota Legislature can rely on this administration and the Board of Regents to set priorities and make the difficult trade-off decisions if the proceeds of reallocations are available to achieve quality improvement objectives.

Keeping the base allows improvement through substitution; more useful programs can be improved or introduced as lower priority programs are phased out.

**I am making the University administration's preliminary proposals for reallocation available for public discussion a month earlier than planned, because of the state's financial situation and because I am personally committed to a full process of consultation.**

Reallocation decisions are tough choices. I served as a member of the University's first reallocation committee in 1971-72. Eighteen of the last twenty years of University planning and budgeting have involved some form of retrenchment and reallocation. Ten of the twenty years have involved retrenchment of state funds -- \$30 million in total net reductions. Fifteen of the twenty years have involved internal University reallocation, totaling \$31 million in reallocations among units, plus a significant amount of money reallocated within units. These virtually annual reallocation processes since 1971 have obviously exhausted the least difficult reallocation possibilities.

Reallocation decisions pose the classic chicken and egg problem. Proposals must be based on broad consultation, but proposals must be formulated and made public before full consultation can take place. To allow consultation to take place, the administration's preliminary outline of recommendations has been placed on the agenda for **discussion** at the January 11, 1991, Board of Regents' meeting.

Through January and early February, the administration will carry out consultation with faculty, staff, and students, and the Board of Regents will hold an open, public forum on major proposals in late January.

Final administrative recommendations will be submitted to the Regents for **information** at the February 8, 1991, meeting and for **action** at the March 8, 1991, meeting.

**As the administration develops final recommendations for reallocation during the January consultation process, the following principles will be foremost:**

- Major changes are required to meet the challenge of improving quality within limited resources.
- Tough choices mean that trade-offs will be necessary; the proposals are an integrated package of additions and reductions of resources -- a balanced budget; dropping one reallocation proposal will mean replacing it with another proposal of equivalent budget impact.



- Extensive consultation will be used, but decisions cannot be based on consensus.
- Many options have been, and must be, considered at the unit and central levels.
- Changes will be made while meeting, and, where possible, exceeding contractual obligations to faculty, staff, and students; broad participation in change is essential.
- This is the first set of major changes that will be required during the next several years.
- Proposed changes will be expected to be implemented within no more than three years if at all possible.
- Productivity improvements are essential to the process:
  - reducing administrative costs, including administration of academic programs, support services, and physical plant,
  - creating greater flexibility in work assignments for faculty and staff to meet needs in teaching, research, and outreach,
  - limiting the number of separate degree programs and consolidating course offerings,
  - consolidating academic and support units to maximize usefulness,
  - eliminating units and programs that fit the reallocation criteria less well, and
  - curtailing non-academic activities to provide additional funding for academic activities.

- The reallocation should contribute to honing the profile of the University of Minnesota, differentiating the University of Minnesota's unique contributions from other higher education institutions in the State:
  - assuring a strong core of undergraduate and graduate programs in the arts and sciences, including a strong general education component,
  - assuring that undergraduate, graduate, and professional programs are linked appropriately to the University's research, scholarly, and artistic activities,
  - assuring that professional programs meet state and regional needs, and
  - continuing the University's land-grant mission of public service and outreach that is informed by quality research and extended to the entire state.

**The University administration will adhere to the same reallocation criteria approved by the Board of Regents in earlier actions on campus plans: quality, centrality, comparative advantage, demand, and efficiency and effectiveness.**

***Quality:** This measure is ultimately a question of how well the values for which the University stands are expressed in its activities -- in free inquiry, effective learning, and useful service to the citizens of the State. The outcomes of research, teaching, and public service/outreach must be considered -- the professional standing of our scientists, scholars, and artists; the impact of their work on their disciplines or fields, and/or on our society; the success of our students as students and in their personal and professional lives; the satisfaction of those served by the University.*

-- *Some quantitative ways to assess quality:*

*. In teaching: successful completion of degree programs by our students, offering truly meaningful learning experiences*

*Specific measures:*

- . graduation rates appropriate to the type of student*
- . retention rates (as showing we're heading in the right direction)*
- . student satisfaction (surveys)*
- . student success in post-graduate study and the professions*

*This is a fundamental objective of reallocation: To help our students learn more, faster , and better -- and to graduate*

*. In research: Discovery, synthesis, and presentation of new knowledge in a way that enhances understanding, supports education, and strengthens the economic, social and cultural life of the State (various measures).*

*Specific measures:*

- . Academic program reviews*
- . Growth in sponsored research*
- . Patents issued*
- . Faculty honors*

*. In outreach: Making knowledge and expertise available to the citizens of the entire State (various measures).*

*Specific measures:*

- . Results of surveys and evaluations*

**Centrality:** *Each program should be evaluated in terms of its contribution to the mission of the University of Minnesota. Centrality of research, instruction and service represents a program's contribution to a coherent whole which helps to sustain and stimulate related work elsewhere in the University. With respect to instruction, centrality also addresses the degree to which a program is an essential component of a challenging education that taken as a whole is intended at the undergraduate level to communicate an understanding of the major ideas and achievements of humankind and a sense of the values of different cultures and ages; at the graduate and professional levels, centrality in instructional programs extends this commitment beyond communicating the major ideas and achievements of humankind, to an expansion and deepening of knowledge, and to furthering its utilization for society's welfare.*

*In another sense, centrality means furtherance of the University's central values, including academic freedom, affirmative action, and diversity. Programs directed toward the preservation and strengthening of our adherence to those values are, to that extent, central to the University's overall mission.*

**Comparative Advantage:** *What are the unique characteristics of each program that make it particularly appropriate to this University? It is not sufficient that programs meet an important local or national need, or that they be unique within the State. Many important programs can and should be the responsibility of others, in Minnesota or elsewhere. What is the rationale for the program at the University of Minnesota?*

**Demand:** *The direction of change in demand for each program in both the short and long term will be considered. Appendix IV gives enrollment targets. Other indicators you might wish to consider include number of applications, quality of acceptances, services performed in support of other programs, degrees awarded, instruction of students or research undertaken for the solution of pressing problems of society.*

***Efficiency and Effectiveness:*** *Because aspirations are always limited by the resources available, programs must be continually examined to see if more economical or more efficient ways are possible to accomplish the same ends. Yet, cost alone must not govern the decision; the effectiveness of the program must also be weighed. When taken together, efficiency and effectiveness provide an important measure of whether funds are being put to the best use.*

## **Outline of Reallocation Recommendations**

The University's reallocation package is, by necessity, a complex mix of planning and budgeting decisions at all levels of the organization: programs, departments, collegiate units, campuses, and system-wide (or central). The following outline first identifies, by unit, the various combinations of reallocation decisions; it then identifies, by type of reallocation, those decisions that result in resources that will be centrally allocated among units.

### **I. Combinations of reallocation decisions by unit**

#### **A. The following units will receive net increases through University-wide reallocation:**

1. College of Liberal Arts, Twin Cities\*
2. Institute of Technology, Twin Cities\*

\*More than 75 percent of all lower division instruction on the Twin Cities campus is provided by these two colleges and more than 60% of all undergraduate instruction. Strengthening the undergraduate experience -- as outlined in the Undergraduate Initiative and the report of the Task Force on Liberal Education -- is a major objective of the reallocation.

\*Nationally prominent departments are found in these two colleges. Strengthening such departments -- which are threatened by severe under funding-- is another major objective of the reallocation, which further supports the Undergraduate Initiative.

3. University of Minnesota, Duluth

Recent improvements in the arts and sciences curriculum must be funded.

Programs in business and social work at UMD must be funded to meet accreditation standards.

4. University of Minnesota, Morris

Funding must be provided to support curriculum innovations in general and internationalized education.

5. Carlson School of Management\*\*

6. College of Pharmacy\*\*

7. School of Public Health\*\*

\*\*These prominent professional programs must be given some additional funding to stabilize their budgets and to complete our obligations under *Academic Priorities*..

8. Minnesota Extension Service and Agricultural Experiment Stations

These programs must receive additional funds to further strengthen their ability to bring the knowledge and expertise of the University to every county in the State to help solve many economic, social, and environmental problems.

9. Libraries

This fundamental resource for the University and the entire state must be maintained, and if possible

enhanced, in the face of severe cost increases for periodicals and books.

10. Biomedical Engineering

This program brings together expertise from several disciplines to maintain the University of Minnesota's prominent position in a field of great importance to the economy and health care of the State.

**B. The units mentioned above will also retain unit resources freed up by the reallocation process for approved internal priorities, as follows:**

1. College of Liberal Arts: Strengthening general education curriculum; advising staff; supporting core departments in social sciences, humanities, and the arts.
2. Institute of Technology: Strengthening advising staff; providing equipment; expansion of master's programs (MSPAN); K-12 programs in science and mathematics; matching funds.
3. University of Minnesota, Duluth: Additional faculty for American Indian Studies, Political Science, Theater, Composition.
4. University of Minnesota, Morris: Implementation of new curriculum, Project Prosper.
5. Carlson School of Management: Broadening MBA curriculum; internationalizing curriculum; undergraduate emphasis area in Management Information Systems; more classes for non-majors.



6. College of Pharmacy: Support for rural health initiatives and meeting the state's need for graduates.
7. School of Public Health: Strengthening programs of health promotion/disease prevention and environmental health.
8. Minnesota Extension Service and Agricultural Experiment Stations: Enhancing and expanding interdisciplinary research and outreach programming on critical issues facing both rural and urban Minnesota.
9. Libraries: Restructuring of administration to provide more efficient service and to reflect redirection of academic programs.

**C. The following special University-wide initiatives will receive increased funding over and above that provided in individual colleges:**

1. Undergraduate Initiative
2. Minority recruitment and retention
3. K-12 initiatives
4. Research initiatives
5. International education
6. Telecommunications serving Greater Minnesota

**D. The following programs will keep the funds they free up for reallocation for purposes such as those stated below:**

1. Medical School: Reallocation to support areas such as cancer research, neuroscience, biomedical engineering, and biomedical ethics.
2. UMD Medicine: Increase enrollment to strengthen service to rural areas; rural health; cooperation with

other UMD units and local hospitals to strengthen selected areas.

3. University Hospital and Clinic: Patient care services, including primary care, cancer, and neurosciences.
4. College of Biological Sciences: New courses for general education, separate from courses for majors; integration of undergraduate education with research.
5. Law School: Curriculum changes to meet new legal issues and challenges.
6. College of Natural Resources: Integration of research and education programs; assure quality and efficiency in a time of rapidly increasing enrollments.
7. College of Human Ecology: Consolidation and redesign of courses and programs; advising; research productivity.
8. College of Veterinary Medicine: Strengthening dairy, swine, and poultry production medicine.
9. College of Architecture and Landscape Architecture: Restructuring curriculum to strengthen the first professional degree and the research-oriented master's degree.

**E. The following will complete reallocation under *Academic Priorities*, but will also do internal reallocation for purposes such as those stated below:**

1. College of Agriculture: Support for new undergraduate curriculum, Project Sunrise; targeted courses that contribute to general education requirements; increased

research focus on interface between agricultural practices, profitability, and the environment.

2. School of Nursing: Strengthening geriatric clinical nursing and rural health education, re-establishing public health/community nursing program.
3. School of Dentistry: Support new curriculum; develop Dental Research Institute; meet most urgent equipment replacement needs and offset the loss of contracts and clinic income.

**F. The following will provide funds for reallocation to other units, but will also undertake improvements as noted below:**

1. Education: Strengthening master's programs.
2. Student Affairs: Program for commuter students; other community-building efforts; automation; recruitment, orientation, and admission.
3. General College: New, more holistic approach to student support and substantial academic and administrative reorganization.
4. Continuing Education and Extension, including Summer Session: More effective delivery of programs and orientation toward unmet needs in the state.
5. Graduate School: Strengthening research and graduate programs.
6. University College: Adjustment of staffing to allow more effective program delivery.

**II. Resources will be freed up for reallocation among and within colleges in the following ways:**

**A. Productivity improvements and/or curtailment in central administrative and operational activities (Twin Cities)**

Productivity gains have been achieved, and will continue, through reorganization of units/services and improvement of management and work practices.

Included are Finance and Operations, Academic Affairs, External Relations, and the President's and Board of Regents' Offices. Central administration will be reduced by 10%.

**B. Phasing out of the University of Minnesota, Waseca**

The main factors underlying this most difficult recommendation are:

1. The high cost per student -- in absolute amount and relative to other programs;
2. Inadequate outcomes -- percent of completions per FYE student last year;
3. Alternative programs being available for many students.

These factors, taken together with the severe financial constraints imposed by the State's fiscal situation, have led to the conclusion that this program should be phased out as a University of Minnesota unit. A target date of June 30, 1992, would allow students now enrolled to complete the program and allow reassignment, retraining, and in-placement or out-placement of faculty and staff. This proposal does not involve any change in the Southern Experiment Station or the Extension Service in Waseca.

- **A note on the University of Minnesota, Crookston**

- UMC has critical cost and utilization issues.

- UMC must meet distinctive needs in its region or the institution is in jeopardy.

- . UMC should provide lower division arts and sciences education in the region.

- . UMC should become more of a transfer institution for students from region.

- . UMC should provide access to selected bachelor's degrees through telecommunications and provide opportunity both for regional sharing of Crookston programs and for linkage with appropriate Twin Cities colleges.

- An expanded role for UMC seems necessary and is justifiable.

- C. Other cases of reallocation:**

- 1. Elimination of the following programs or units:

- a. Williams Laboratory (Nuclear Physics), Institute of Technology

- b. Mineral Resources Research Center, Institute of Technology

- c. Undergraduate major in Extractive Metallurgical Engineering, Institute of Technology

- d. KUOM, Continuing Education and Extension

- e. Four-year B.S. teacher licensing programs in the College of Education, Twin Cities
  - f. Bachelor of Architecture or Master of Architecture I, College of Architecture and Landscape Architecture
  - g. Major in Health Education, Morris
  - h. Program in Dental Hygiene, UMD
  - i. MacPhail Center for the Arts
2. Curtailment or consolidation of the following programs or units:
- a. Reduction of the number of undergraduate and graduate degree programs and majors, College of Liberal Arts, Twin Cities.
  - b. Consolidation of administrative, academic and support units, College of Liberal Arts, Twin Cities.
  - c. Reduction of concentrations in MBA, MA in Industrial Relations, and B.S. in Business, Carlson School of Management.
  - d. Reduction of the number of master's and doctoral programs in clinical sciences, Medical School.
  - e. Consolidation of the programs of Veterinary Medicine and Animal Science to better serve both colleges and Minnesota's livestock industries.

- f. Curtailment of administrative costs by restructuring the College of Veterinary Medicine's Veterinary Biology Department.
  - g. Merger of Molecular Graphics in Medical School and Pharmacy
  - h. Consolidation of the Hospital's publications staff with Health Sciences Public Relations Office.
  - i. Consolidation of administrative and support services, General College.
  - j. Consolidation of some of the special applied research programs to no more than two of the Branch Stations.
- 3. Reassignment of approximately 150 anticipated vacancies in faculty and staff positions from lower priority to higher priority programs and/or from relatively overstaffed to relatively understaffed programs -- to meet changing student demand. Practically all campuses and colleges will participate in this form of reallocation.
- 4. Elimination of subsidies from activities that can be self-supporting:
  - Subsidy by the Hospital for certain clinical activities
- 5. Increase in enrollment in selected programs where the added tuition income can bear the full cost of expansion -  
- and even generate additional income.
  - a. MBA programs, Carlson School of Management
  - b. Summer Session, Continuing Education and Extension
  - c. UMD Medicine
  - d. Law School

## Overview of Reallocation Recommendations

### Net increases through reallocation:

College of Liberal Arts	\$ 4,500,000
Institute of Technology	\$ 3,000,000
University of Minnesota at Duluth	\$ 1,000,000
University of Minnesota at Morris	\$ 500,000
Carlson School of Management	\$ 400,000
College of Pharmacy	\$ 250,000
School of Public Health	\$ 500,000
MN Extension Service and Experiment Stations	\$ 1,500,000
University Libraries	\$ 1,000,000
Biomedical Engineering	\$ 500,000
Special system-wide initiatives	\$ 7,920,000
-Undergraduate Initiative	
- Minority recruitment and retention	
- K-12 initiatives	
- Research initiatives fund	
- International education	
- Telecommunications serving Greater MN	
<b>Total net increases:</b>	<b>\$21,070,000</b>

### Net decreases through reallocation

Central administration, services, operations	\$ 8,950,000
University of Minnesota, Waseca	\$ 6,430,000
Health Sciences Units	\$ 600,000
General College	\$ 510,000
College of Education	\$ 1,880,000
Continuing Education and Extension	\$ 1,760,000
Graduate School	\$ 210,000
Colleges of Agriculture, Natural Resources, and Human Ecology	\$ 530,000
University College	\$ 60,000
Special State Appropriations	<u>\$ 140,000</u>
<b>Total net decreases:</b>	<b>\$ 21,070,000</b>



**Internal Reallocation (within units):**

College of Liberal Arts	\$ 4,740,000
Institute of Technology	\$ 4,890,000
University of Minnesota, Duluth	\$ 4,080,000
University of Minnesota, Morris	\$ 1,150,000
University of Minnesota, Crookston	\$ 720,000
Carlson School of Management	\$ 1,430,000
Health Sciences	\$ 8,800,000
Colleges of Agriculture, Natural Resources, and Human Ecology	\$ 5,640,000
University Libraries	\$ 1,360,000
College of Biological Sciences	\$ 1,090,000
Law School	\$ 250,000
College of Architecture and Landscape Arch.	\$ 240,000
Humphrey Institute	\$ 140,000
Information Services	\$ 1,200,000
Student Affairs	\$ 1,130,000
Graduate School	<u>\$ 30,000</u>
<b>Total internal reallocation</b>	<b>\$ 36,890,000</b>

**Summary:**

. Reallocation among major units	
Net increases	\$21,070,000
Net decreases	\$21,070,000
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. Internal reallocation (within units)	\$36,890,000
. Total reallocation:	
Among major units	\$21,070,000
Internal (within units)	\$36,890,000
<b>Grand Total</b>	<b>\$ 57,960,000</b>

• **Reallocation -- a responsibility for the entire University community** •

These reallocation initiatives are the first and most important steps toward achieving our \$60 million target. Improving quality is a never-ending task. We are committed to involving all our faculty and staff in seeking innovative solutions that raise quality and improve productivity. We will need the support of the whole University community to achieve these objectives.

Inevitably this process will raise anxiety about job security. We know that many jobs must be modified and others discontinued. Our primary strategy will be in placement within the University. Our commitment is to rely on attrition to the maximum degree feasible. That means we will offer transfers, retraining, updating of professional credentials and individual assistance to each person affected by these changes.

There will be occasions where individual preferences and skills suggest that the only viable alternative is out-placement. In those instances we will provide every support in helping those persons find satisfying employment elsewhere.

• **Restructuring of the University of Minnesota raises questions concerning restructuring across higher education systems.** •

The present proposals are only the first step in what should become a comprehensive review of priorities in higher education -- and of the sixty-three campuses that now provide higher education in Minnesota.

Will the mission clarification of the University of Minnesota lead to intensification of similar processes among the other systems?

We believe the critical issue for public higher education in Minnesota is achieving a competitive standard of quality. Does that not fundamentally

change the context for the discussion of access and physical distribution of institutions?

Important initiatives in other systems -- such as Q7 in the State University System and other forms of priority setting and review in the Community College System and the Technical College System -- have raised questions similar to those raised here today concerning the University of Minnesota.

The MSPAN study has raised questions that must be addressed. It suggests further regional planning across systems be undertaken.

- . In the Metropolitan area

- . In various regions of Greater Minnesota such as the South East and South Central and the North West regions

Do the phasing out of UMW and the suggested expanded mission for UMC suggest possibilities for further regional consolidations, role clarification, and broader use of telecommunication technology?

Is identification of area educational centers, where the systems cooperate in providing economically feasible access to higher education, the solution to regional access?

What should be the future of higher education in Rochester?

The Board of Regents should continue its direct discussions with the boards governing other systems and with the Higher Education Coordinating Board.

My colleagues and I will expand our discussions of these issues in HEAC.

We should welcome a "Blue Ribbon Committee" that would define a master plan for higher education -- and make specific recommendations to our respective boards.

I believe we must follow the kind of course that I have outlined -- in a multi-system effort -- to help ensure quality in Minnesota higher education at a time when quality improvements must be accomplished within limited resources.



## REGENTS OF THE UNIVERSITY OF MINNESOTA

### RESOLUTION

#### 1991-93 BIENNIAL REQUEST

**WHEREAS**, the Regents of the University of Minnesota approved the University's 1991-93 biennial request on October 12, 1990, and

**WHEREAS**, the 1991-93 biennial request included proposals for \$34 million for program improvements, and

**WHEREAS**, the 1991-93 biennial request was predicated on the University's internal reallocation of funds in support of *Academic Priorities* for the Twin Cities campus and associated plans for the coordinate campuses, and

**WHEREAS**, the State of Minnesota faces budget constraints that virtually preclude additional funding for program improvements, and

**WHEREAS**, the University administration has developed comprehensive internal reallocation proposals totaling 10% of the University's state funding base, to be carried out over the period, 1991 - 1996, and

**WHEREAS**, the University's priorities for the 1991 Minnesota Legislature are preserving the state funding base, in order to carry out internal reallocations, and to receive funding for adjustments of faculty and staff salaries, in order to reflect the effects of inflation,

**NOW THEREFORE BE IT RESOLVED**, that the Regents of the University of Minnesota withdraw the 1991-93 request for program improvements.

**Approved - January 11, 1991**

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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
February 8, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, as I did last month, I've included in my written report the comments I made yesterday on the reallocation plan; I won't repeat those now, since there are several other topics I'd like to discuss this morning.

**• Gus Donhowe •**

We all know that time heals, but it surely has not yet healed the shock of the loss of our friend, Gus Donhowe. That will take a very long time, and because Gus was such an extraordinary friend and talent, we're in for many reminders of our loss and many revelations of Gus's talents that we'd come to take for granted.

As a personal friend, I'm comforted that the memorial services were as close as possible to the style Gus would have wanted -- or at least tolerated. I know he wasn't interested in tributes, but he understood our needs for comforting and remembering -- and we had the right music.

As a colleague, I'm totally certain about the message Gus would have left me: "Just get on with it!" From all the hours we spent in discussion, I am well aware how strongly Gus felt that universities must be far more than their leaders. Universities are ideas and institutions, with a permanence that must transcend the leaders who come and go, and Gus was devoted to the idea of change for the better and change that would last. He would have been the first to caution that our efforts were doomed to failure if they depended only on one -- or a few.

On the other hand, I think Gus would acknowledge his own key role in what we're trying to accomplish. He was proud of that role -- as well he should have been -- and he had especially good insight into the role of leadership in moving a good plan along. With that insight, part of his message to me would have been to get on with finding his successor. Hard as that has been amidst the shock of losing such a dear friend, we have moved as expeditiously as possible to institute the search.

I have asked for an aggressive national and local nomination and recruitment effort, and I have made it clear that I expect to make my recommendation for a permanent appointment within weeks, rather than months. The search is, of course, being conducted with a full commitment to affirmative action. To date, I can report that the committee has received over 300 nominations or applications.

As you know from previous correspondence, the search committee is chaired by E. F. Infante, Dean of the Institute of Technology, with staff support from Ms. Barbara Muesing and other staff in the Regents' Office. The other committee members are:

Ellen S. Berscheid, Regents' Professor of Psychology  
James R. Campbell, President and CEO, Norwest Bank Minnesota  
Gregory R. Fox, Vice Chancellor for Finance and Operations, UMD  
Clinton N. Hewitt, Associate Vice President, Finance and Operations  
Lester Krogh, 3M Community Service Executive Program  
Susan J. Markham, Associate Vice President, Finance & Operations  
Burton L. Shapiro, Professor of Oral Sciences and Chair, University  
Senate Committee on Finance and Planning  
Mary J. Trandem, Chair, Civil Service Committee  
Tim Wolf, Chair, Student Representatives to the Board of Regents.

Beyond the need for moving quickly to find the talent we must have, the importance of this appointment also makes it imperative that we communicate fully. I have shared widely my letter of appointment and charge to the search committee, and Dean Infante has already sent you the committee's first status report. We will make every effort to keep you fully informed in the weeks ahead, and I hope to make my recommendation on this appointment by next month.

I'm grateful that in the meantime Nick LaFontaine has been willing to take on the responsibilities of acting senior vice president.

#### **• 1991 Legislative Session •**

Certainly one of the most striking characteristics of Gus Donhowe was his love of challenge. That characteristic is high on my list for the kind of colleague I'm looking for, and the 1991 legislative session is certain to produce no shortage of challenges -- to all of us.

#### **Current Year Budget Rescissions**

As you all know, the 1991 legislature has acted quickly to approve Governor Carlson's proposed package of budget rescissions to address the immediate revenue shortfall for the current fiscal year, ending June 30, 1991. The total rescission was \$194.5 million, of which the University's "share" was \$8.8 million.

Because the rescissions for the higher education systems were based on higher percentage cuts to non-instructional than instructional budgets, \$8.8 million is more than our fair share. The other systems' budgets do not include research and public service activities that are comparable to the University's, and thus, the net effect is a rescission approximately \$1.8 million more than we believe it should have been.

We have had the opportunity to argue the merits of this case, but the total rescission package moved through the legislative process in a manner and with a speed that simply did not allow modification, and we have to live with that reality.

The basic approach we're working on now is to draw initially on reserves. That can be done quickly, assuring the state that the University's obligations are met. We are planning to bring a recommendation for this first step to the Board for information in April and for action in May. The next step will be to develop the appropriate strategies for replenishing the reserves, and that will be part of the process for developing the fiscal year 1992 annual budget -- where it should be. This allows us to avoid hasty, across-the-board actions and ensure that budget decisions are made within the context of institutional and academic plans.

Lest you think for a moment that drawing upon our reserves will leave no impact on the University, let me remind you that the interest income from the reserve is fully committed to ongoing programs.

#### The 1992-93 Legislative Request Document

Because of the extra time allowed for Governor Carlson to develop his recommendations for the next biennium, the State Finance Department gave us an opportunity to add a brief notation to our section of the budget request document. That document already had the narrative explanations of the request approved last fall by the Board, but subsequently withdrawn by the resolution approved last month.

The "Addendum" that we have submitted is appended to this report. It includes the Board's January 11, 1991, resolution, withdrawing the request for program improvement funds. That is followed by a brief explanation of the reallocation and restructuring effort, the problems that will not be solved, and our priorities for the 1991 session, preserving the budget base and ensuring equitable treatment of University employees if any salary increase funds are appropriated for state employees.

#### The Governor's Budget Recommendations for the 1992-93 Biennium

Governor Carlson will announce his budget recommendations on February 20. His budget team has been looking at a variety of options that, for higher education, include budget base cuts, tuition increases, and other spending and income adjustments. There has already been considerable speculation -- and alarm -- concerning the size and implications of the changes he may propose, and I'm reluctant to add to the speculation.

I can say that the possibilities I've seen in the press and heard from the rumors have potential implications that are very serious, indeed. By all those accounts, there may well be large budget cuts and large tuition increases if other state budget solutions are not found -- and found this session.



This budget outlook is particularly troubling in the light of the restructuring and reallocation proposals now formally before the Board. It is true that our reallocation effort is based on our anticipating the state's budget constraints, but if the legislature cannot find a way to let us preserve our budget base for reallocation, as we have requested, we are going to be faced with even more program curtailments and eliminations.

I must repeat the commitment I've made on several occasions in recent weeks. The reallocations we are proposing -- 10% of our state-funded budget base, to be accomplished within the next three to five years -- are committed to program improvements according to our plans. Reductions that we may have to make as part of solving the next biennium's budget problem would require **additional** reductions.

Making additional budget base cuts means going back to the Vice Presidents and Chancellors for even tougher choices than those already commanding so much of our attention. I must also make it clear that those further choices must be based on the same goals, objectives, priorities, and criteria that undergird our reallocation and restructuring efforts. And finally, I must also make it clear that our goals, objectives, priorities, and criteria include our very serious concerns about tuition, our students' costs of living, and student financial aid. Minnesota can ill-afford to solve an immediate budget crisis by turning back the clock and basing educational opportunity on ability to pay.

#### • Reallocation and Restructuring •

The recommendations I am submitting formally this month have not changed dramatically. There are a few specific changes, outlined in the revised table of net increases and net decreases, page 12 of this month's docket materials, page 20 of the original January document.

Specifically, those changes are:

- A new \$200,000 allocation to the College of Biological Sciences, which fulfills an earlier commitment made pursuant to the 1988 *Academic Priorities* plan.
- A \$160,000 change in the net decrease in the College of Agriculture, reflecting the actual progress the college has made toward an earlier commitment from *Academic Priorities*. This changes the net decrease for the Colleges of Agriculture, Natural Resources, and Human Ecology from \$530,000 to \$370,000.
- A \$360,000 decrease in the total amount of money that will be available for special system-wide initiatives.

There would be a few changes in wording that I would probably make if I had the luxury of revisiting the reallocation and restructuring paper that I submitted last month, but they're not serious enough to warrant reprinting and redistributing the whole document.

Since last month's meeting, there has been a great deal of discussion, including a public forum sponsored by this Board. We have spent the last four weeks carrying out extensive consultation and communication, on campus and off, and hundreds of Minnesotans have cared enough to express their interest, opposition, and support.

The fact that I have not made major changes in my recommendations does not mean I haven't listened. From the outset, I knew that we did not have bad programs to eliminate. This university has gone through too many budget retrenchments in the last several years for bad programs to have survived. The programs that I have felt necessary to recommend for curtailment or elimination are all programs with merit, with University personnel trying to serve well, and with constituencies who care about them.

The other side of the coin is that quality has suffered from our trying to do too much without the proper resources. We know that. Virtually everybody knows it -- and can recite the litany of problems of University classes that were too large, lines that were too long, students who received inadequate and impersonal treatment, and obsolete teaching equipment. The litany is longer, but we're changing that, and we need to concentrate on that change.

The tough decisions I had to grapple with -- and that are now before you -- are based on serving the most pressing quality improvement needs and investing the resources we have in the best way we can. We've spent years developing academic plans that lay out stated goals, objectives, and priorities. Moreover, the plans have followed deliberate consultative processes, and we've held people accountable in terms of criteria for decision-making, the documentation of their decisions, and, increasingly, the measurement of the outcomes. That has been a very complex process that doubtlessly seems interminable, but the most important thing is that this university has not spent years developing plans to gather dust on the shelf.

We are dealing with fundamental institutional change to improve quality. That change takes time, but that change is really happening.

- We now have momentum, and we face the two imperatives I outlined before:

the necessity to continue and intensify efforts to improve quality,

and the necessity to make those quality improvements with limited resources.

- Quality improvement has been, and remains, the thrust of the University's entire planning and decision-making process. The needs in teaching, research, and public service drive the difficult resource decisions we have to make.
- In bringing about change, we must have the discipline to maintain a balanced package of decisions, and that means, unfortunately, that the resources we give to higher priority programs will have to be taken from lower priority programs.
- Our current efforts must be grounded in *Academic Priorities* and the associated campus plans. Specific implementation steps can and should be modified as experience and outcomes inform us, but these are the plans approved by the Board of Regents.
- We will adhere to the same reallocation criteria approved by the Board in those plans:

**Quality  
Centrality  
Comparative Advantage  
Demand  
Efficiency and Effectiveness**

- We remain committed to diversity in our faculty, staff, and student body, pursuing the same specific goals I outlined in July, 1989.

### **Special System-wide Initiatives**

- These initiatives reflect the major institutional program themes of the last several years, some as far back as the early 1980s.
- Specific allocations decisions have not been made.
- A central pool of \$ 7,560,000 will be available University-wide, through competitive proposals, and allocated through the regular annual budget process to make sure that academic planning and budgeting decisions are coordinated tightly.

### **Undergraduate Initiative**

I gave this the title, the "Initiative for Excellence in Undergraduate Education," but the groundwork was well along before I left for Arizona in 1983. Under the leadership of Professor John Wallace, the Task Force on the Undergraduate Student Experience produced, in 1984, a remarkably

comprehensive study of the problems caused by overextension and underfunding. That was followed by the 1985 report of the Committee on the Quality of Undergraduate Teaching and Learning, chaired by CLA Associate Dean Roger Page.

The emphasis on improving undergraduate education in President Ken Keller's "Commitment to Focus" may have been misunderstood or underestimated, but the fact is that this plan put in motion a series of wide-ranging quality improvement efforts that remain the foundation of what is now the Undergraduate Initiative. These include the reorganization of the Arts, Sciences, and Engineering under the leadership of the Vice Provost, the efforts to coordinate lower division education and the development of a common entry point, a variety of important improvements in student support services, and efforts to improve coordination and cooperation with Minnesota's other higher education systems.

In the last two years, we have invested several million dollars in improvements in our largest courses, advising, TA training, and in the quality of our classroom and study space. The Task Force on Liberal Education, which has just reported, is adding curricular issues to our agenda. The system-wide pool will provide some resources for these needs over and above the funding provided to individual colleges.

### **Minority recruitment and retention**

Serious institutional diversity efforts date back to the 1960s and 1970s, but the most comprehensive planning document was the "Taborn Report" in 1987, the Final Report of the Special Committee on Minority Programs in Support of Commitment to Focus. That led directly to the appointment of the Associate Provost and Associate Vice President for Academic Affairs with special responsibility for minority affairs, and after two years, in the summer of 1990, Dr. Dolores Cross presented her comprehensive report that outlined the measurable goals to which we are committed:

- Improving minority retention by 50% by 1994
- Doubling the hiring of minority faculty by 1994
- Increasing minority enrollment to 10% of total enrollment by 1994.

Dr. Cross's report also detailed the entire range of institutional, campus, and collegiate programs, and that office has developed the communication and management mechanisms to coordinate minority programs among themselves and, most importantly, with the full range of teaching, research, and public service programs of the University. Again, the system-wide pool will provide funding for these initiatives over and above funding set aside by internal campus or college reallocation.

## **K-12 initiatives**

From the outset of University planning, it has been recognized that the University must play a leadership role in Minnesota's total educational effort -- all levels, public and private. The decision to strengthen secondary school preparation requirements (the Collins Report, 1986) was a major step toward better prepared students who need less remedial work when they reach the college level.

Based on a recent study, the University now has three dozen or more programs cooperating with K-12 schools, and efforts are underway to weave these into an appropriately coordinated whole. A report will be made to the Board this spring for the purpose of establishing priorities for further efforts, especially in mathematics and science.

## **Research initiatives and technology transfer initiatives**

Current University initiatives -- and, I must add, very encouraging progress -- are grounded in three key planning efforts:

The Task Force on Higher Education and the Economy of the State  
(the "Lilly Report," 1983)

The Steering Committee to Facilitate the Scholarly Activities of the Faculty (the "Merwin Report," 1983)

The Task Force on the Quality of Graduate Education and Research  
(the "Holt Report," 1984)

These have led to healthy growth in sponsored research, the reorganization and development of the Office of Research and Technology Transfer, and very encouraging success in expanding patents, licensing, and relationships with industry. Additional funding for the General Research Fund in the Graduate School and for the matching of federal grants will be provided from the system-wide pool in order to help sustain the high level of faculty entrepreneurship that has been achieved in recent years.

## **International education**

An expansion of international education has occurred during the last several years, under the leadership of the Office of International Education, and this effort was described in a special section of the Undergraduate Initiative materials presented to the Board last spring. The system-wide pool is expected to provide some additional funding for the internationalization of the curriculum and for study abroad opportunities.

## **Intercampus telecommunications serving Greater Minnesota**

Project UNITE, serving Rochester and some Twin Cities locations with engineering instruction, has been an effective model, and the complete revamping of the Twin Cities campus telephone and telecommunication system, coupled with other technological advances, continues to open new opportunities to link our campuses and serve audiences in Greater Minnesota.

These initiatives, by their nature, are too dynamic to permit fixing very specific budget allocations for a five-year period. They are all on-going, firmly rooted in the total institutional planning efforts, and producing real and encouraging outcomes. They are all at different stages of maturity; they all must be carefully monitored for mid-course corrections based on experience we gain and opportunities that arise. It will be critical to maintain both the ability and the flexibility to make strategic allocations for these initiatives, and doing that in the regular, annual budget process is the key to ensuring that change for the better is institutionalized.

### **• International Developments •**

Again this month, international developments continue to command our attention. No matter how intense our inward attention to matters like reallocation, we are reminded again and again of global happenings and the effects they quite naturally have on our international University -- effects that illustrate our interdependence and diversity.

I am very troubled to report that a University of Minnesota faculty member was denied access to a domestic flight on a commercial airline, singled out by nothing more than physical appearance, and denied access because of the airline's security policy. You have, no doubt, heard reports of other such incidents. Certainly, security concerns are real these days, but I find it incredible that public and private policy-makers have still not learned the lessons of World War I and World War II about the treatment of American citizens and legal residents who happen to be somehow related to the countries and regions where hostilities exist. There are better ways to protect both security and individual rights.

If nothing else, an incident such as this is a powerful reminder of the fundamental challenges of diversity and cultural pluralism.

The diversity of ideas has been at illustrated in recent weeks, as opponents and supporters of the U. S. involvement in the Persian Gulf war have conducted campus and community rallies. I believe leaders of both groups deserve praise for their efforts to keep confrontations under control, but I am also disappointed by the extent to which real dialogue is often replaced by sheer volume and efforts to attract media attention. Especially

in an academic community -- especially in one that has the intellectual resources to shed light on the issues -- we ought to do better.

There are signs of doing better. Last fall, for instance, Muslim members of the University invited non-Muslims to a religious service in an effort to promote better understanding. Last week, our Muslim Student Association held an open forum, and from the Daily account, it seemed to me that the forum did provide a good opportunity for explaining some of the history and cultural differences that are involved.

Regardless of views on the U.S. and U.N. involvement in the Persian Gulf, there is no doubt that we lack understanding of that region and its peoples. As an international university with commitments to diversity and cultural pluralism, we can play a role in correcting that.

The same challenge applies to our own hemisphere, and though my own participation was cut short, Regent Kuderer will report later this morning on a two-week seminar trip to Chile and Peru. The seminar was funded by the Kellogg Foundation to foster the internationalization of Minnesota higher education, public and private, and organized through the Minnesota Private College Research Foundation.

I was able to visit Santiago, Chile, and met with a number of Chilean government and university officials, including the Minister of Education and the Rector of the University of Chile. Conversations with a number of vice chancellors and deans of that university revealed that the University of Chile is in one sense at least like a land-grant university; it has a full range of programs from the arts and sciences to the professions and agriculture and forestry. The desire for cooperation and exchange was strong, and we will try to pursue appropriate contacts if external resources can be found. A cooperative program between the University of Concepcion and Minnesota in the 1960s is still well remembered by colleagues in Chile.

Regent Kuderer will provide a more complete report on other contacts that the Minnesota delegation had the opportunity to make.

#### • NCAA •

Before I conclude this month's report, I do want to report briefly on the University's appearance before the NCAA Committee on Infractions on February 1 in San Diego. I attended to help present the University's response to the official inquiry.

This committee is the group that decides when infractions of NCAA legislation have occurred and what, if any, penalties are appropriate. It is comprised of faculty members, administrators, and other personnel from other universities.

Along with the attorneys for the University, I spent over seven hours going over each of the 20 allegations. We had a full opportunity to present our case, and the committee was attentive and interested. We are hopeful

that they will take into account the corrective and mitigating actions taken by the University.

In my view, we have acted responsibly in light of the allegations and taken all actions within our authority to respond. This does not mean we will not be assessed a penalty. However, we have acted in a manner that attempted to bring all matters we could find before the NCAA in the best tradition of cooperating and seeking the truth.

The chair of the Committee on Infractions indicated to us that it will be 4 to 6 weeks before we receive the Committee's decision. I will make sure that you each receive a copy as soon as it is delivered.

**Appendix:**

**Addendum to the University of Minnesota Biennial Budget Request**



## **ADDENDUM**

### **University of Minnesota**

#### **Withdrawal of Biennial Budget Request**

On January 11, 1991, the Regents of the University of Minnesota approved the following resolution, acting on the recommendation of President Nils Hasselmo:

**"WHEREAS**, the Regents of the University of Minnesota approved the University's 1991-93 biennial request on October 12, 1990, and

**WHEREAS**, the 1991-93 biennial request included proposals for \$34 million for program improvements, and

**WHEREAS**, the 1991-93 biennial request was predicated on the University's internal reallocation of funds in support of *Academic Priorities* for the Twin Cities campus and associated plans for the coordinate campuses, and

**WHEREAS**, the State of Minnesota faces budget constraints that virtually preclude additional funding for program improvements, and

**WHEREAS**, the University administration has developed comprehensive internal reallocation proposals totaling 10% of the University's state funding base, to be carried out over the period, 1991 - 1996, and

**WHEREAS**, the University's priorities for the 1991 Minnesota Legislature are preserving the state funding base, in order to carry out internal reallocations, and to receive funding for adjustments of faculty and staff salaries, in order to reflect the effects of inflation,

**NOW THEREFORE BE IT RESOLVED**, that the Regents of the University of Minnesota withdraw the 1991-93 request for program improvements."

#### **Implications for the 1991 Legislative Session**

The University's original request for \$34 million in state funds for program quality improvements was based on shared responsibility. The total cost of the quality improvements identified was \$54 million, and the Regents' approval of the biennial budget request included the commitment to find the remaining \$20 million through internal budget reallocation, basing those budget shifts on the five-year institutional planning process that began in 1988.

To ensure that the University can continue to improve quality in a time of limited resources, the administration has proposed a new "Restructuring and Reallocations" plan to the Board of Regents. It sets a new, increased reallocation target of 10% of the University's current state-funded budget base -- roughly \$60 million -- to be accomplished within the next three years, if possible, but certainly within the next five.

This commitment to self-improvement -- without relying upon increased state appropriations -- may be the most ambitious reallocation target and schedule ever undertaken willingly by a major American university.

### **Unsolved Problems**

This self-help initiative does not mean that current and foreseeable funding needs can be met without help from the state.

- The competition in the national marketplace for talent will continue to grow.
- The shortage of Ph.D.s and faculty will get worse.
- The cost increases for library materials and scientific equipment for instruction and research will continue to exceed inflation.
- Inflation will reduce the purchasing power of faculty and staff.
- Tuition increases will outstrip student financial aid.
- Unmet needs for the operation, maintenance, repair, and replacement of facilities will continue to grow.

This commitment does mean that the University of Minnesota is serious about quality improvement -- serious enough to set academic priorities and make very difficult choices, curtailing or eliminating good programs that have earned the support of the public.

### **Most Urgent Need**

In the 1991 legislative session, the University's most urgent need is to preserve the current funding base. If reallocation is to succeed, the University must be able to reallocate within the current level of spending. If the current base is reduced, the incentive to continue reallocation is lost, and the reallocation decisions being made will be undercut.

### **Equitable Treatment and the Wisest Investment: Good People**

If the legislature is able to increase school aids and provide an inflation adjustment for state employee salaries, the University requests equitable treatment for higher education faculty and staff. Restoring and maintaining the purchasing power of faculty and staff salaries has been a long-standing priority of the legislature and the University, and the University's ability to attract and retain the best people is clearly the most important factor in maintaining and improving the quality that makes the University of Minnesota one of this state's best public investments.

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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
March 8, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, I believe that today's meeting qualifies as what is popularly known as a "defining moment" in the University's history. The restructuring and reallocation plan for the next five years has significance far beyond the sum of dollars reallocated and the hundreds of programmatic decisions that undergird this plan. Important as all of those details are, I place even more importance on sending the unmistakable signal that the University of Minnesota will stay on course to improve the quality of its teaching, research, and public service.

We have spent two months reviewing the plan for restructuring and reallocation. I am pleased that the plan remains intact. Some minor changes have been made -- as indicated in your document -- but the major components are unchanged. Many questions have been raised about specific proposed cuts, but a broad range of constituencies have expressed their support for the plan. It is a plan that has the backing of the University community.

This plan to restructure the University and reallocate \$ 58 million is an ambitious undertaking by this Board -- through the policy directives we have received from you -- and by the students, faculty, and staff who have participated so actively in the development and review of our priorities. The plan is presented to you in a situation where the leaders of the State have made it clear to us that we are going to have to work with limited resources -- and do more and better with less. We have already seen a rescission in the current year's budget of \$ 8.8 million. The Governor's budget proposals as they now stand involve cuts in our base budget for the next biennium that range from \$ 13 to \$ 68 million, depending on who in higher education gets funds that are proposed to be escrowed. Those are somber numbers. We will do everything in our power to do better. But, it is quite clear that even under the best of circumstances, business as usual is not possible.

Making institutional change, especially in a large university organization, is almost always difficult. To be successful, it must be built around a sense of community ownership that is as broad as possible. That kind of community ownership depends upon two kinds of leadership. One starts with individual students, staff, and faculty who care enough about their individual programs to be actively engaged in building and maintaining quality -- at the department level, where the real work of the University takes place. The other depends on this governing board exercising the policy leadership that determines how this University will act and perform as an institution.

The strength of our restructuring and reallocation is that both kinds of leadership have a long history. We are working with criteria and priorities that evolved out of very careful and comprehensive studies by standing University committees and special task forces. We're now at the crucial point in history where their hard work is recognized in the most meaningful of ways -- making real changes that can make real differences.

At the policy level, the University administration and the Board of Regents have taken great care, year after year, to make certain that annual budgets, biennial budget requests, and capital improvements requests are grounded deliberately in academic planning. Governors and legislators -- and their staffs -- have been involved and supportive. That support has been evidenced in policy actions and appropriations for an array of quality improvement initiatives, all based on our planning -- and on the expectation that this institution is willing and able to manage its own business.

Two years ago, at this Board's March meeting, I promised you that accountability would be rule # 1 in this administration. Bringing you this five-year plan is part of that accountability, laying out the difficult choices that we're prepared to recommend and implement, and making it as clear as we can how these choices stay the course, reinforce the continuity, and maintain the all-important momentum toward an even better University of Minnesota.

Approving this long-range plan today is an act of assurance:

- assurance to the University community that quality improvement remains our fundamental goal -- that their planning efforts continue under a consistent policy framework and on a charted course;
- assurance that program decisions at all levels -- department, college, campus, University-wide are grounded in mutually understood and widely shared values;
- assurance that the Initiative for Excellence in Undergraduate Education will be pursued;
- assurance that we are going to provide nationally and internationally distinguished graduate and professional programs;
- assurance that we reaffirm our goals for minority recruitment and retention;
- assurance that we will work closely with the elementary and secondary schools, as well as the rest of Minnesota higher education;
- assurance that we will continue to invest in research initiatives and technology transfer;

- assurance that we will take fuller advantage of the telecommunications technologies that can link our campuses' resources and their extended communities;
- assurance that we will improve this university's international perspective and programs;
- assurance that we remain committed to serving the entire State of Minnesota in ways that are unique or special to the University of Minnesota;
- assurance to students, constituents, and University employees that we are committed to honoring our obligations as fairly and equitably as we can; and
- assurance to the public that University planning efforts have the integrity to weather that course even when the going may get rough -- that we are willing and able to accept the responsibilities of stewardship.

Finally, approval of this restructuring and reallocation plan is also a matter of mutual assurance between the University administration and this Board. We have put a package of tough choices on the table -- our best judgments on the ways to assure that your policies will be put into practice. We also understand full well that this plan also presents the administration with even tougher accountability responsibilities, assuring you that we are taking the actions we've promised to take and delivering measurable results.

I ask for your approval of this plan for restructuring and reallocation.

### • Governor's Budget •

Governor Carlson's budget recommendations for higher education for the next biennium are not easily summarized, mainly because he has proposed not only cuts in state funds and increases in tuition income, but also an "escrow" system that could restore some of the budget cuts in the second year of the biennium.

To help you understand the potential impact on the University and our students, I'll try to describe three scenarios, all dependent on the outcome of the "escrow - restoration" process.

In a nutshell, the Governor intends to appoint a "Blue Ribbon Commission" to examine all four public higher education systems. That commission has not yet been appointed or given its charge, but that is

expected soon, and the commission would begin working immediately. By next fall, the Governor wants commission recommendations on restructuring of higher education. The precise meaning of "restructuring" has not been spelled out; presumably, it covers everything from system mergers to individual campus closings.

To put budgetary clout behind the commission's recommendations, the Governor proposes putting approximately \$55 million of a proposed cut of \$65 million of higher education's second year (Fiscal Year 1993) funding "in escrow." Based on the commission's recommendations -- and presumably the four systems' responses -- the Governor would recommend to the 1992 legislature a package of restorations to any or all of the four systems' second year budgets that would total \$55 million.

Based on current budgets, the University's proportional share of the escrowed \$55 million would be about \$21,000,000.

### **Scenario # 1 - "Worst Case"**

The University receives none of restored funds.

The Governor has recommended an **8.6% cut** in the University's state funds, totalling **\$ 79,517,000** for the biennium.

The Governor has recommended increases in the University's total tuition income amounting to **\$ 11,138,000** for the biennium. (That is a **4.1%** increase in tuition income, not necessarily the rate increase that an individual student would face.)

Under this scenario, with no restoration of second year funds, the University's **gross appropriation** (state funds **plus** tuition) for the biennium would be **cut \$ 68,379,000**, or **5.6% of the current base**.

### **Scenario # 2 - "Proportional Restoration"**

The University would have its proportional share of the escrowed funds, about \$21,000,000, restored in the second year of the biennium.

State funds would be **cut \$ 58,517,000 -- or 6.3%** for the biennium.

The tuition income increase would be the same, **\$ 11,138,000**.

The gross appropriation would be **cut \$47,379,000 -- or 3.9%**.

### **Scenario # 3**

If this scenario needs a label, "most optimistic" might suffice. Out of respect for the other three systems, I don't want to use "best case," since it

assumes that the University receives all of the restoration funds, \$55,286,000.

State funds would be cut \$ 24,231,000 -- or 2.6% for the biennium.

The tuition income increase would be the same, \$ 11,138,000.

The gross appropriation would be cut \$ 13,093,000 -- or 1.1%.

**In summary, all the variations of potential impact would mean going back to the vice presidents, chancellors, and deans to find further budget reductions and program curtailments or eliminations -- ranging from over \$ 13 million to over \$ 68,000,000.**

That's disastrous enough when we've just been through a process to reallocate another \$ 58,960,000; in practice, it's even worse. As the Governor has recommended the budget cuts, we would start the first year of the biennium with \$ 28,330,000 fewer state dollars on July 1, 1991. That's not a reduction to plan for or phase in over the year; it's money that wouldn't be there on day one.

If this Board decided to eliminate programs whose budgets for next year totalled that same \$ 28,330,000, that will fall far short of balancing the budget. Once we take into account the contractual and other obligations to students, staff, and faculty, the actual dollar savings we could possibly realize in the next fiscal year would be much, much smaller.

The options for immediate savings are decimating the supply, expense, and equipment budgets or imposing salary cuts. Both fly in the face of top priorities we've been trying to address for several years. Both may meet -- within the state -- a short-range political perception of "fair share of the pain," but both are guaranteed to do extensive long-range damage to the University's ability not only to improve quality, but to retain anything like the quality we have right now.

**The real bottom line for the University this legislative session is that the long-range health of Minnesota and its economy cannot be allowed to be damaged by a major reduction in our base budget.**

**We have already demonstrated -- on our own -- the willingness and ability to make the kinds of tough priority decisions that I believe Governor Carlson supports. Budget reductions should not be allowed to undermine the University's long-range ability to serve the people of Minnesota.**

• Personnel •

The last month has been a highly productive one for search committees for major administrative positions, and it's my pleasure to comment on three appointments recommended to you this month.

**Mr. Robert O. Erickson**, recommended as **Senior Vice President for Finance and Operations**, has twenty years' experience in financial and facilities management in the private sector, fifteen of those years in a distinguished career in Super Valu Stores, Inc., where his last position was Vice President for Corporate Strategic Planning. He was born in Worthington, raised in Slayton, and awarded Bachelor's and Master's degrees from the University of Minnesota. He has public finance experience from a Hennepin County Capital Budgeting Task Force and from the Bloomington Port Authority, of which he has served as President for the last three years, dealing with a \$625 million development project. Throughout his active business and finance career, he has also found time for very impressive civic activities, including a Walk In Counseling Center, the Chamber of Commerce, and the Citizens League.

**Dr. Julia M. Davis**, recommended as **Dean of the College of Liberal Arts, Twin Cities Campus**, has been Associate Provost at the University of South Florida in Tampa. At U.S.F. she also served as Dean of the College of Social and Behavioral Sciences. Prior to that, she was on the faculty of the University of Iowa for sixteen years, five as Chair of the Department of Speech Pathology and Audiology, and served as Associate Dean for Faculty in the College of Liberal Arts. Before Iowa, she taught at Southwestern Louisiana University and the University of Southern Mississippi. She earned her B.A. at Northwestern State College and her M.S. and Ph.D. at the University of Southern Mississippi.

**Dr. Stephen C. Joseph**, recommended as **Dean of the School of Public Health**, has a breadth of experience that is especially appropriate to our School. In this country, he has served as Commissioner of Health for New York City and held administrative, teaching, clinical, or planning posts in the Agency for International Development, at the Harvard School of Public Health, at the University of Wyoming, in the U.S. Office of Economic Opportunity and the U.S. Department of HEW, and at children's hospitals in Boston and Washington, D.C. His overseas experience includes Newfoundland, Canada, Cameroon, Chad, Central African Republic, Equatorial Guinea, and Gabon, plus service in the Peace Corps in Nepal. He holds a B.A. *cum laude* from Harvard College, an M.D. *cum laude* from Yale University, and a Master of Public Health from Johns Hopkins University.

I must add that interviewing candidates for the Public Health deanship was a particular pleasure, since the process revealed the high regard in which our School is held throughout the public health community. Quality is, indeed, a powerful recruiting tool. And, in doing



the homework to get ready for these interviews, I was reminded that every dollar of state money invested in this School produces over \$5 more from other sources. I also had the chance to read through the descriptions of the extraordinarily broad community service and outreach programs of the School. Finally, I just heard that our Hospital Services Administration educational program has now been ranked # 1 in the country.

### • American College Theatre Festival •

The UMD Department of Theatre is one of the programs I often cite to illustrate quality improvement. I will continue to do so, because this department continues to produce more and more evidence. I'm proud to announce that, for the third time, UMD Theatre has been selected to perform on the stage of the Kennedy Center at the American College Theatre Festival on April 22 and 23. UMD students will perform the play, *Standing on my Knees*, by John Olive.

This festival is a competition involving over 800 colleges and universities, and five schools are chosen from each region to perform in Washington. UMD's earlier Festival productions were *Blue Collar Blues* in 1987 and *Homesteaders* in 1989.

### • Visit to California and Arizona •

A couple of weeks ago, in Los Angeles, we had the pleasure of meeting with a lively group of over a hundred University of Minnesota theatre arts alumni now working in the film and television industry and in other theatre-related activities on the West Coast. Some came as far as Oregon to participate in the reunion.

Among those present were Ron Perlman, well known as "the beast" in the television series *Beauty and the Beast*; Linda Kelsey of the television series *Lou Grant* and *Day by Day*; Debra Mooney of Jonathon Winter's current sitcom *Davis Rules*; Joel Brooks, co-star of Howie Mandel's show *Good Grief*; and Peter Michael Goetz, Guthrie veteran and co-star of the Academy Award winning film *Glory*. The most impressive alumnae, however, was Mrs. Matyl Rigler, age 95, who performed in University of Minnesota theatre in 1918! Clearly, University theatre has not only provided professionals of national and international distinction, but has also contributed to the zest for life of its former students.

Equally inspiring was a breakfast meeting with some leading executives from the Los Angeles area, all of them Minnesota alumni. The breakfast was hosted by President David Laventhol and Senior Vice President Don Wright of the Los Angeles Times, both Minnesota alumni. Mr. Laventhol was an English major, showing that liberal arts majors can indeed do well in the corporate world, and Mr. Wright was an engineering

major. Within the Times Mirror Organization, which owns the Los Angeles Times, the cable television operation is also run by a Minnesota alumnus, Larry Wangberg. Other Minnesota alumni included were:

James Clements, Vice President, George Rice & Sons  
 William Craven, Vice President, Ameron, Inc.  
 James Hodgson, Chairman, Pathfinder Mines Corp., former US  
 Ambassador to Japan, and former U.S. Secretary of Labor  
 Marshall Houts, Editor, Trauma Magazine, and well-published author  
 Ernest Klinger, Vice President, Arden Group  
 Paul Mitchell, Retired, Allied-Signal Aerospace Co.  
 Kenneth Simon, Chairman Emeritus, Air Conditioning Co.  
 Erwin Tomash, Director Emeritus, Dataproducts Corp.  
 Robert Wold, President, Robert W. Wold Co.  
 Jim Zumberge, President, University of Southern California

We were also joined by Fred Weismann, our friend and donor for the University Art Museum, and Frank Gehry, the architect for the new museum, who contributed to the sense of excitement about the University of Minnesota.

Then we had a President's Club reception in Costa Mesa, California, attended by several "M" men, headed by well known Minnesota/California snowbird Richard (Pinky) McNamara and his brother, Jim. George and Jevne Pennock were there, as were Marshall and Mary Houts. The prize for that evening, in my view, was taken by Mr. Ben Mayhugh, a 1928 graduate of the Institute of Technology, who gave me a sizeable check for scholarships for I.T. students. I'm happy to say that this was only one of a number of sizeable contributions coming from strong Minnesota supporters in California.

In Arizona, I had the pleasure of speaking to 169 Minnesota alumni in Sun City, one of our most active alumni chapters outside the state of Minnesota. The outgoing president of the chapter, John Tift, turned over the gavel to incoming president Ruth Boyd, and we were led in singing the Minnesota Rouser by Dr. Lloyd Nelson. Again, at the end of the evening, the chapter turned over a nice check for scholarships for Minnesota students, another addition to the many fine contributions made by individuals in this chapter.

The next day, Sarah and David Lieberman hosted a luncheon in their beautiful summer home in Scottsdale for persons interested in our Art Museum. In the evening, through the kindness of Robert and Kax Herberger, we held a President's Club reception at the Arizona Club. We were well supported on the program by Russ and Beth Bennett, Erwin and Beverly Goldfine, Lew and Doris Lehr, Jane and John Mooty, and David and Audrey Roe.

### • Keck Foundation Grant •

The trip to Los Angeles also gave us the opportunity to visit the Keck Foundation, one of the country's largest private foundations, and one of the most highly selective in its funding of basic science and medical research programs. Last year, the Keck Foundation awarded \$300,000 to the University's Institute for Rock Magnetism, headed by Professor Subir Banerjee, for basic geologic research. This year, we have pending a \$938,000 request for equipment to support the University's internationally recognized research in nuclear magnetic resonance. The inquiry has passed the first review, and a full proposal has been requested from Dean David Brown of the Medical School and Professors William Thompson and Kamil Ugurbil. We called on Program Officer Sandra Glass to thank the foundation for its support last year (their first grant to the University), to discuss the mission, directions, and priorities of the University, and to express University support for the pending proposal.

### • Athletic Facilities •

Let me also bring you up to date on the continuing review of the athletic facilities project. At last month's meeting, Associate Vice President Hewitt informed the Board of the necessity to reexamine the estimated costs of the project, in light of programmatic adjustments, a change in project scope, and unforeseeable site problems, including a high water table and asbestos removal. I expect that we will be able to report back to you on this project within the next couple of months, after we finish our analysis.

This will also allow an opportunity for Senior Vice President Erickson to familiarize himself with the project and take a leadership role. I will ask him to lead the project team that will continue to meet with the athletic directors and the contractor, assisted by appropriate consultants, and to report the project team's recommendations to the Board by early summer.

### • National Merit Scholars •

To conclude on a very encouraging note, I am very happy to report that National Merit Scholarships at the University of Minnesota have increased **31%** from 1990 to 1991. That is a very impressive increase -- and certainly an encouraging one as we work to enhance the quality of undergraduate education. Improving the quality of the student body is one more way to improve the quality of the University.



## REGENTS OF THE UNIVERSITY OF MINNESOTA

### RESOLUTION

#### RESTRUCTURING AND REALLOCATION: IMPROVING QUALITY IN A TIME OF LIMITED RESOURCES

**WHEREAS**, the Regents of the University of Minnesota have approved campus academic plans, as follows, and

Twin Cities	<i>Academic Priorities: 1988-1993</i>	Approved July, 1988
Crookston	<i>Strategy for Focus: 1987-1992</i>	Approved October, 1988
Duluth	<i>Strategy for Focus: 1987-1992</i>	Approved November, 1988
Waseca	<i>Strategy for Focus: 1987-1992</i>	Approved December, 1988
Morris	<i>Strategy for Focus: 1987-1992</i>	Approved January, 1989

**WHEREAS**, these plans are grounded in the stated institutional criteria: quality, centrality, comparative advantage, demand, efficiency, and effectiveness, and

**WHEREAS**, the Regents recognized, in their resolution of June 8, 1990, "that reallocation of financial resources is necessary to accelerate progress toward our goals," and resolved that the Regents support "further reallocation of resources in order to augment the capacity of the University to achieve improvements in diversity and the quality of the undergraduate experience, the reordering of academic priorities, the provision of equitable and competitive compensation for faculty and staff," and urged strongly "that collegiate unit reallocation strategies result in programmatic adjustments, including greater efficiency in offering existing programs as well as actual program reduction," and

**WHEREAS**, sustaining the momentum of the University of Minnesota's quality improvement efforts is critical in a time of limited state resources, and

**WHEREAS**, the University administration has developed comprehensive internal reallocation proposals totaling 10% of the University's state funding base, to be carried out over the period, 1991 - 1996, and

**WHEREAS**, the University administration is committed to, and has prepared comprehensive plans for, the completion of currently enrolled students' educational programs, the honoring of contractual obligations to faculty and staff, and career counseling and placement for faculty and staff, and

**WHEREAS**, *Restructuring and Reallocation: Improving Quality in a Time of Limited Resources* has been submitted to the Regents of the University of Minnesota as an integrated program of college, campus, and institutional programmatic and budgetary actions,

**NOW THEREFORE BE IT RESOLVED**, that the Regents of the University of Minnesota authorize the University administration to proceed with the implementation of *Restructuring and Reallocation: Improving Quality in a Time of Limited Resources* , and

**BE IT FURTHER RESOLVED**, that implementation steps and benchmarks shall be reflected, as appropriate, in the University of Minnesota budget plan for Fiscal Year 1992; and

**BE IT FURTHER RESOLVED**, that, in subsequent years, the University administration shall submit annual progress reports to the Board, including further reallocation steps and benchmarks that shall also be reflected, as appropriate, in subsequent annual budget plans.

**Approved - March 8, 1991**

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## UNIVERSITY OF MINNESOTA

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# Keeping in touch with U

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*Nils Hasselmo*

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programs, finding the best ways to deliver the quality that Minnesota students and taxpayers deserve. If money were no object, the job would be easy, but we have to get on with that job in a careful, well-planned and realistic way. We can't count on new money, so we are going to have to do a better job with the money we have. That's what reallocation is all about, and the regents' action this month is Minnesota's assurance that the University of Minnesota will stay on course.

The University of Minnesota Board of Regents has approved a five-year plan to shift \$58 million to the highest priorities for improving the quality of teaching, research, and public service programs. That's about 10 percent of the university's state-supported budget. And, it's hard evidence that the University of Minnesota is serious about doing a better job—serious enough to go through the pain of finding \$58 million in current programs that can be changed, curtailed or eliminated, in order to make improvements without asking the taxpayer to foot the bill.

Minnesotans will interpret this plan in many ways, depending on their interests in—and loyalties to—the programs that will be affected. Certainly, the greatest concerns have centered around the decision to close the University of Minnesota, Waseca. It's equally certain that this was the most difficult of the decisions to make. In Waseca, we have spent 20 years trying to develop a two-year campus dedicated especially to technical careers in agriculture and agriculture-related businesses. In many ways, we succeeded, but that effort has been expensive. In spite of aggressive recruiting efforts, the Waseca campus has just not been able to attract enough students to keep the costs per student down.

As a statewide institution, the University of Minnesota has to shift its resources to deal with the most serious problems and make the quality improvements that affect the greatest numbers of students. The campuses (Duluth, Morris and Twin Cities) and colleges that will receive budget increases teach over 80 percent of our undergraduate students. Greater Minnesota has a clear stake in those quality improvements, since those three campuses enroll 9,653 Minnesota undergraduate students from outside the Twin Cities metropolitan area, 16 for every one Greater Minnesota student enrolled at Waseca.

Students currently enrolled at Waseca will have another full year to complete their programs before the June 30, 1992, closing. Most students who have been considering Waseca programs *do* have alternative programs available in Minnesota's other public campuses, most within commuting distance, and in the surrounding states that have tuition reciprocity arrangements.

The Southern Experiment Station and the Minnesota Extension Service programs in Waseca are not affected by the campus closing. Statewide agricultural research and extension programs, in fact, will receive *increased* funding through the reallocation plan.

The University of Minnesota will still be investing more than \$40 million a year in direct support of agriculture, through research, extension, and teaching. That investment will leverage another \$40 million in federal, county and private dollars, and the impressive returns on those investments through Minnesota's \$11 billion agriculture and food processing industry will continue.

Strengthening the quality of the University of Minnesota is a statewide concern, not a geographical competition. The regents and the administration are accountable for the entire range of University

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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
April 12, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, following last month's meeting, I wrote a "Keeping in Touch with U" column on the restructuring and reallocation plan. These occasional columns are sent to the daily and weekly newspapers belonging to the Minnesota Newspaper Association, and since they may or may not appear in your area papers, I've distributed copies this morning.

**• Restructuring and Reallocation: Implementation Plans •**

Earlier this week, I distributed the formal letters of charge and membership to the two implementation groups that had already begun meeting on an informal basis. Both were described in a March 27 memorandum, which you also received, addressed to the Vice Presidents, Chancellors, and Deans.

We have an extraordinarily complicated agenda and very little time. At all levels throughout the University, administrators are working on both the routine annual budget planning and the special charge to demonstrate the appropriate implementation of the restructuring and reallocation plans for their units. To be on schedule with our five-year plans, we need to accomplish at least 20% of the reallocation goal next year. That has to be built directly into next year's budget, and that, indeed, is the central focus of the budget hearings that Senior Vice Presidents Erickson and Kuhl are currently holding.

The **Reallocation Plan Technical Assistance Committee** has been appointed to assist with the very wide range of policy and process questions that will arise throughout the University. Bob Kvavik, Associate Vice President for Academic Affairs, is chairing this committee of eight central administrators, with staff assistance from Ms. Patricia Kovel-Jarboe as Reallocation Plan Coordinator. Pat has been serving as director of the Telecommunications Development Center in the Minnesota Extension Service, and she will assume her new duties on April 15.

The **Waseca Transition Advisory Group**, is charged with facilitating and coordinating a fair, open, and equitable closing process at UMW. This group includes both UMW and central administrators and is chaired by Gene Allen, Vice President for Agriculture, Forestry, and Home Economics. Staff assistance will be from Ms. Sharon Dibb, Executive Secretary to the UMW Chancellor, and Ms. Kovel-Jarboe, whose staff role with both groups will help maintain close coordination.

For both of these groups, I think the best term for their scope of work is probably "open-ended." They are trying to anticipate as many as possible of the policy and procedural issues, questions, and problems that may arise. They will also serve as our first line of defense against Murphy's Law, helping us respond to those problems that hadn't been anticipated.

### • Legislative Developments •

Acknowledging the dangerous transition from Murphy's Law to the legislative session, I suppose there is a version that goes, "Any higher education merger bill that can be introduced will be introduced." I think there may have been five variations introduced this session. It would be foolhardy for me to speculate on the outcomes that might come from either the 1991 session's deliberations or those of a Governor's blue ribbon commission, but I can say that I am encouraged by the fact that the "crisis" is no longer silent. Some of the key issues touching on missions, organizational structure, and the number and size of campuses are now being brought to the table. Between those issues and the simultaneous consideration of the biennial budget reductions, the state is now dealing with its own version of "restructuring and reallocation." It's not any easier there than here.

We are very concerned about salary increases for faculty and staff, but there has been no indication in the legislature so far that there will be an appropriation to deal with the effects of inflation. We continue to stress the reality of those effects on staff and faculty, as well as the reality of the national competition for faculty talent.

Revenue and appropriations targets have just come out of the House Ways and Means Committee this week. For all of higher education (HECB, student financial aid, and the four public systems), the House budget target is \$65 million above the Governor's original budget; that target still translates into budget reductions totalling something like \$78 million for higher education in the next biennium, but it moves in the right direction. How it translates further into the House appropriation bill's figures for the University will be determined in committee.

The Senate uses a different, less formalized method for setting these targets, and we have no information on their plans. There, too, the higher education target will govern committee deliberations as they mark up the Senate's bill. Then, of course, a conference committee will have to work out the differences. Whatever your preference in the "it isn't over till..." sayings, it isn't over.

### • Supplemental Budget Recommendations •

Since our last meeting, Governor Carlson and Lieutenant Governor Dyrstad have issued a set of supplemental budget recommendations, one of



which would provide the University with \$5 million in non-recurring funds in each year of the biennium. This recommendation does not change the amount of the budget reduction proposed earlier for the University.

The rationale for the supplemental amount is based on "the critical importance to Minnesota's economy of maintaining the University of Minnesota's ability to provide quality instruction and research in technology-related areas." The stipulation is that the funds be used for "high priority science and engineering programs and initiatives to support instructional improvements, research and technology transfer in these fields."

The proposal is now before the legislative committees, and, again, I won't speculate on its disposition.

#### • Governor's Capital Facilities Recommendations •

In view of the higher education restructuring and budget issues now under discussion in the legislature, the Governor and the Commissioner of Finance conducted a review of capital improvement projects that were authorized in the 1990 bonding bill, looking for projects that might be delayed until policy issues are sorted out. Many of those "put on hold" were in two-year institutions.

With the exception of the two projects at Crookston, all of the University's projects were authorized to proceed. The Crookston projects are the Agricultural Operations Center (\$4,410,000) and the Agricultural Utilization Research Institute laboratories (\$590,000). I have written to the Governor, asking him to rescind both of these "holds," on the grounds that both are consistent with the University's academic plans and the economic development interests of the region and the state.

#### • "Pipeline Project" •

Turning to another kind of academic priority, our diversity agenda, I am very pleased to announce that President Dolores Cross and I have signed a cooperative agreement for a "Pipeline Project" between the University of Minnesota and Chicago State University. When Dr. Cross left us to take the Chicago State presidency, she assured us that new ways would be found for our institutions to work together, and I'm very confident that we have found a good way to start.

Under this agreement, beginning in the 1992-93 academic year, we will admit to graduate study five to ten students who have graduated from Chicago State University. These admissions will be primarily in, but not limited to, graduate programs in the sciences and education, and they will follow the normal admissions process.

Chicago State University will identify, prepare, and orient potential candidates at the pre-collegiate level, through a cooperative program they have in place with secondary schools. That orientation will include familiarization with the University of Minnesota's preparation requirements.

During their undergraduate careers at CSU, candidates will, where economically possible and programmatically feasible, spend their junior year and/or participate in a summer enrichment program at the University of Minnesota. (The latter include the College of Biological Sciences Undergraduate Research Program, the Super Valu Minority Scholars Development Program, and the College of Education Common Ground Consortium Summer Institute.)

We will also collaborate in fund-raising, and we will explore the possibility of CSU faculty participating in our College of Biological Sciences Course on Recombinant DNA Technology, a three-week summer laboratory course on gene manipulation for faculty from undergraduate institutions with high minority enrollment.

The Pipeline Project will begin as a small program, but I am confident that it will be a good program that can and will grow. I had the honor to meet with your colleagues on the Chicago State University Board of Governors, and I can assure you that they are most enthusiastic about this project.

#### • ORTTA Annual Report •

This morning's report from the Office of Research and Technology Transfer covered another major portion of our institutional planning agenda. In ORTTA, we have a program initiative that works, and that's always worth talking about.

Expanding patent and licensing activities was a deliberate U of M priority of the mid-1980s, when the Office of Research Administration was reorganized as the Office of Research and Technology Transfer Administration, (ORTTA). That reorganization was recommended in July, 1983, in the "Lilly Report," the *Report of the Task Force on Higher Education and the Economy of the State*, as an effort to strengthen University research and development and its impact on the Minnesota economy.

It's been a stunning success, thanks primarily to inventors, but also to Associate Vice President Tony Potami in ORTTA, John Thuente, Director of Patents and Licensing, and their staffs for designing and operating programs that encourage and facilitate the work of the faculty.

Dealing with the complexities of patenting and licensing without this kind of technical support would be a major disincentive for most inventors.

**With 41 new patents issued, the University of Minnesota ranked 4th among all public and private U. S. universities in 1990, behind only M.I.T. (112), the 9-campus U. of California system (65), and the U. of Texas (58). Last year, also with 41 new patents, Minnesota ranked 7th. Over the period 1986 - 1990, Minnesota ranks 6th in the cumulative number of patents, 148.**

**The U of M currently has 161 license agreements, under which companies have acquired rights to use, produce, and/or market an invention made at the University. We have license agreements with 106 companies, 42 in Minnesota, 56 in other state, and 8 in other countries.**

**Minnesota Project Outreach is now underway in ORTTA, providing interactive computer access to University of Minnesota researchers and technologies.** The MPO Corporation is a cooperative effort involving the University, the Minnesota Department of Trade and Economic Development, and the Greater Minnesota Corporation. A contract has been awarded to Teltech, Inc. to develop and add new databases, mostly based on University of Minnesota technology, to its existing computer network. MPO has selected 400 companies with less than \$10 million in annual revenue as charter subscribers, and information is now being provided to 160 of those companies and at 60 of the planned 75 public access sites. So far, 150 of a projected 400 University researchers have been listed as resources. In MPO's first 90 days, 57 interactions were logged.

**In 1990 University faculty were awarded over \$275 million in grants and contracts, up from \$205 million in 1989, the increase due largely to the U. S. Army High Performance Computing Research Center.**

This record for 1990 is impressive in its own right, but I'm particularly encouraged by the steady growth over the last few years. We're not dealing with a one-time phenomenon. We are dealing with a carefully planned initiative -- part of the general thrust of *Academic Priorities* and the institutional planning that preceded it. We're now seeing the outcomes of the last few years' research initiatives and technology transfer initiatives, those outcomes are measurable, and the measures indicate real success.

The national outlook for support of research and technology transfer makes it important for us to continue and strengthen these initiatives, as we are planning to do in the restructuring and reallocation plans. We face an uncertain future in the availability of federal and industrial funding, and the only certainty is that the competition is bound to increase. We have to maintain the increased strength that we have accomplished if we are to fare as well in the foreseeable future.

Before leaving this topic, I want to report another ORTTA presentation earlier this week to the President's Cabinet. Because of the national controversy over indirect cost recovery practices in some research universities, much of it centered around Stanford University, we asked for an update on our own policies and practices.

The specific issues revolve around accounting practices for identifying the general and administrative costs that are factored into the indirect cost rates paid to the universities by the federal agencies. In brief, some universities -- primarily private institutions -- have been aggressive about maximizing the administrative costs allowable, thereby increasing their indirect cost recoveries. Audits have revealed specific expenditures that are at least questionable and certainly grist for national media. These incidents can result in the possible return of federal funds, and they don't make friends in Congress.

At the University of Minnesota, indirect cost recovery funds are extremely important, but we, like most public research universities, maintain more conservative practices. We have reexamined those practices in the light of the recent national controversy, and we do not believe there is reason for concern -- except for the fallout from controversies elsewhere. That fallout might be in the form of Congressional pressure to reduce indirect cost funding generally or to impose new regulatory costs on us for problems found somewhere else.

There is, of course, the continuing possibility that some specific expenditures could be questioned. We have always lived with that, but our system certainly minimizes that possibility and is prepared to deal with it.

### • ROTC •

Last May, this Board passed a resolution acknowledging the fundamental conflict between the University of Minnesota policy on equal access to programs and facilities and the policies of the Department of Defense denying ROTC scholarships and commissions in the military services to gay/lesbian students.

Pursuant to that resolution, I have participated in efforts by the national higher education associations to seek an administrative change by Department of Defense. The presidents of these associations sent a joint letter requesting a meeting with the Secretary of Defense, but the response was that Department of Defense had no plans to change its policies and did not believe a meeting would be useful.

The associations and individual campuses have also explored Congressional action, but so far without success.

These Department of Defense policies have been challenged in courts -- without success -- but it seems likely that court tests will continue.

The fundamental goal must be change at the national level. The fundamental challenge for institutions like ours is finding the strategy that protects the interests of the University of Minnesota and our students and is most likely to result in national change.

The University of Minnesota Senate overwhelmingly passed a resolution on February 14, 1991, requesting further efforts by the administration, and setting deadlines for renegotiation and, if that fails, severing relations with ROTC programs.

To follow up yesterday's report to the Board by University General Counsel Surell Brady, we have scheduled a special Board of Regents forum for May 9. It will be held in the Earle Brown Center at 10:00 a.m., and arrangements to speak will be handled by the Board of Regents Office.

#### **• Recognition of Regents Schertler and Casey •**

In concluding this month's report, I must take a few minutes to pay tribute to Regents Mary Schertler and Chuck Casey for their combined 26 years of service to the people and the University of Minnesota. They are the exemplification of voluntary public service, in both cases way beyond the call of duty.

From her first meeting till her last, Regent Schertler has served as populist conscience and spokesperson for the rights and dignity of the individual. She has worked tirelessly for equitable access and treatment, for students, staff, faculty, and public constituents, always prepared to account for her own actions by reference to these fundamental values. And, over 14 years, Mary has carried home enough homework paper to probably account for several acres of Minnesota timber.

There is a special bond between a university president and a governing board chair, and I certainly feel that bond with Regent Casey. It will be lifelong. I came back to the University in difficult times, anxious to continue and develop further a very ambitious agenda for institutional change. The support of this Board, and most particularly the support of the chair, has been crucial, and that support has been provided through Regent Casey's most remarkable and unflagging leadership.

Only I know how much time I have taken from Chuck's personal and professional life. Only he knows how much supporting me has meant taking the more difficult course of action. Those will remain debts between us that I can't possibly repay.

I wish both Regent Schertler and Regent Casey (to me they will probably always retain that title, because they have earned it) all the best as they go on to other important pursuits in the service of the people of this state.

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
May 10, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, I would like to begin this month's report by congratulating and welcoming our two new Regents, the Honorable Ann J. Wynia and the Honorable H. Bryan Neel, and by congratulating and welcoming back our two reelected Regents, the Honorable Wendell R. Anderson and the Honorable Stanley D. Sahlstrom. The governance of the University of Minnesota remains in good and trusted hands.

My report this month will touch on a number of recent events and will include a summary of the comments made earlier this morning on the legislative and budget developments.

**• Holocaust Torah Dedication •**

On Thursday, May 2, it was my honor to represent the University of Minnesota community at a dedication ceremony for the "Holocaust Torah Scroll" that has been entrusted to the B'nai B'rith Hillel Foundation. This Torah scroll, originally from Kladno, Czechoslovakia, was one of over 1500 that were stolen by the Nazis and taken to Prague for the obscene purpose of exhibiting relics of "the extinct Jewish culture." These "Prague scrolls" were rescued and placed under the care of the Westminster Synagogue in London. Now some are being relocated to new congregations around the world as tangible symbols of worship and the survival of oppression.

I must add that even a biting wind whipping across Northrop Plaza could not chill the emotional intensity of seeing this powerful and moving symbol. Beyond its primary role in worship, its history speaks volumes to those who will see it, and it now becomes an important learning resource to our entire community.

**• Racial Harassment Workshop •**

Last Friday, with the Holocaust Torah scroll fresh in mind, I spoke in a workshop in Chicago on racial harassment. The workshop was jointly sponsored by the University of Minnesota, Chicago State University, and the U. S. Department of Education's Region 5 Office for Civil Rights.

In my remarks, I outlined the University of Minnesota's diversity goals and agenda, acknowledging the serious threats to that agenda that

have come -- and unfortunately may well come again -- from incidents of racial harassment and bigotry on our own campuses.

As I was speaking in Chicago, my Friday mail had already brought in yet another appalling example of harassment and bigotry. This new example was hate mail, in the form of a chain letter supposedly directed to "Minnesota Citizen, any school district, the Minnesota Congressional delegation, and the Minnesota Legislature."

The letter purported to support R.O.T.C., but it was nothing more than crude bashing of Gay/Lesbian students. I understand that it was distributed through a commercial mailing company in Maryland, but it was particularly troubling to see that one side had been photocopied from stationery that some recipients might see as ours. It was not official University letterhead, but a commercially sold stationery imprinted with our seal and name. That, of course, is a technicality that many would not recognize, but I have faith that any thoughtful recipient would know from the stupidity of the content that it came from somewhere else.

I have issued a public denouncement of the letter, and we are conducting an investigation into the matter.

#### • Diversity Forum •

We don't need incidents to keep our attention on the diversity agenda. We already have clear and measurable goals for recruitment and retention. We have already built into our goals and objectives the Carnegie Commission's six definitions of the kind of "community" we seek to be:

- an educationally **purposeful** community,
- an **open** community,
- a **just** community,
- a **disciplined** community,
- a **caring** community, and
- a **celebrative** community.

Under the leadership of Regent Emeritus Josie Johnson, we will continue to work toward these by holding an **All-University Forum on Diversity**, Wednesday, May 29, 3-5 p.m., at the Earle Brown Continuing Education Center. I hope you can join us.



• **Minnesota Alumni Association Annual Meeting** •

While I'm on the topics of diversity and community building, I must pay tribute to the Minnesota Alumni Association for bringing together nearly 1500 alumni, students, faculty, staff, and community friends to hear Pulitzer Prize winning playwright August Wilson's stirring keynote address, "*Odyssey of an African in America*."

As all of you know who were there, this was community-building on a high plane, indeed, and the Alumni Association's sponsorship of a new August Wilson Scholarship endowment is both a fitting honor to Mr. Wilson and a tangible contribution to our future diversity.

• **Scholar-Athlete Achievements** •

Turning to another pleasant event, which I regret that I couldn't attend, I'm very pleased to note that Regents Casey and Kuderer, Vice Presidents Kuhi and Hughes, and some 50 faculty members attended the Second Annual Scholar Athlete Reception and Awards Presentation at the Minneapolis Institute of Arts. This event is held by the Women's and Men's Athletic Departments and their Academic Counseling program, under the sponsorship of IBM and WCCO Radio.

This year, 163 scholar-athletes were honored for outstanding academic achievement, more than half of them for the second year. The Top Five Award honorees in each program were:

**Women's Intercollegiate Athletics**

Christine Abbott	CLA (3.75 gpa)	Honors Physiology	Track
Julie Newman	CSOM (3.81 gpa)	General Management	Gymnastics
Dawn Thompson	UC (3.77 gpa)	Rhetoric/Sports Mngmt	Volleyball
Tracee Wolf	HumEc (3.90 gpa)	Appl Design/Visual Comm	Track
Sara Zimmerman	IT (3.81 gpa)	Math/Chemistry	Cross Ctry

**Men's Intercollegiate Athletics**

Derek Howatt	IT (3.91 gpa)	Aerospace Engineering	Swimming
Scott Schaffner	CSOM (3.66 gpa)	General Management	Football
Cristian Schmid	IT (3.64 gpa)	Chemical Engineering	Track/CC
Joel Staats	CSOM (3.74 gpa)	General Management	Football

Scott Upper

CLA (3.64 gpa)

Psychology

Diving

I can't list all the others individually, but I do want to note the colleges of registration for this year's honorees:

College of Liberal Arts	92
Institute of Technology	28
General College	12
Carlson School of Management	9
College of Human Ecology	8
College of Education	7
College of Natural Resources	2
University College	2
College of Biological Sciences	2
College of Architecture and Landscape Architecture	1

#### • Student Project - MITS Videotape •

I met another very impressive groups of students this Tuesday, when they came to my office to videotape some "welcoming" remarks for a videotape describing the Mars Integrated Transportation System. By coincidence, there was a feature story on this project in the next morning's Star Tribune, and I have copies for Regents who may not have seen it.

This is an undergraduate student project, a senior year course on Advanced Design in the Department of Aerospace Engineering and Mechanics, taught by Akerman Professor Andrew E. Vano. With grant support from NASA, teams of students work with University and NASA scientists, developing reports, designs, and models on space travel problems. Minnesota will send two such teams, about thirty students, to the Kennedy Space Center in July to present their designs.

I was particularly glad to hear that the students I met with were thinking seriously about faculty careers. Part of their assignment is actually to communicate their project to general audiences, and some of the students carry out that assignment by speaking to junior and senior high school classes. That's good experience, and it's also a good way to tell the story of undergraduate science and mathematics education in a research university environment.

#### • Federal Higher Education Act Reauthorization •

On the national scene, 1991 is the year for the very important process of "reauthorizing" the Higher Education Act. This landmark federal legislation was originally passed in 1965, and while there are many other

higher education programs covered, the primary importance of the Act is defining the goals and fundamental policies of the major programs of federal student financial aid.

The reauthorization bill does not actually appropriate the money. It authorizes the Congress to appropriate funds and sets the key policies, program by program. Actual spending decisions are made by other committees in their annual appropriations bills. Detailed regulations are made by the Executive Branch, based on the Congressional intent spelled out in the authorization bill.

In fiscal terms, 1991 probably couldn't be a worse time for making long-term policies and plans for student financial aid. There is massive evidence that the basic problems with federal student aid are (1) that there is not enough money for grants and scholarships, and (2) that too many students and families are taking on excessive loads of indebtedness. The solution to those problems is more money -- and, of course, more money is exceedingly unlikely in the current federal budget situation.

Nevertheless, the Higher Education Act is due for reauthorization, and the House and Senate policy committees are hard at work on it.

Minnesota is particularly well-represented in these deliberations. On the Senate side, both Senator Durenberger and Senator Wellstone are members of the Committee on Labor and Human Resources. Both are fully committed to the importance of the Higher Education Act, and both have held hearings on University of Minnesota campuses within the last five weeks.

Senator Durenberger came to the Twin Cities campus on April 3 for a meeting with the President's Cabinet and an informal public hearing. It was especially helpful that he brought along Judge Ernest C. Canellos, the Deputy Assistant Secretary of Education who heads the Office of Student Financial Assistance.

Senator Wellstone is a member of the Subcommittee on Education, Arts, and Humanities, the subcommittee that is preparing the Senate's reauthorization bill. His hearings, at Minneapolis Community College on May 3, and at the University of Minnesota, Duluth on May 6, were formal proceedings of that subcommittee.

We are not formally represented on the House committee this year, but Congressman Tim Penny served with distinction on that committee for several years, and he joined Senator Wellstone last week, making it clear that he intends to remain very much involved in the reauthorization deliberations.

It's impossible to fully summarize the testimony given in those hearings by University and other systems' administrators and students, but the messages might be capsulized as follows:

- More money put into student financial aid -- difficult as that might be -- remains a very good national investment.
- The balance of grants, scholarships, and loans that makes educational sense has been steadily eroded; what we have now is an imbalance, with too much dependence on loans.
- Now is not the time to drastically overhaul the federal student aid effort; it's not broken, and if there is a better approach for the immediate future, it certainly has not been identified.
- This time around, the reauthorization effort can make significant improvements -- even if money remains as tight as it is now -- by simplifying the student financial aid process, both for the colleges and universities and for the students and their families. Every dollar saved by cutting unnecessary paperwork while ensuring accountability is a dollar better invested in students.

The members of the Minnesota Congressional delegation will, of course, have varying ideas about responding to these messages. Their options for responding are severely constrained. If there are encouraging signs, however, they are that our delegation offers us strong, bi-partisan support for higher education, and that our delegation is listening to what we have to say.

#### • Personnel Items •

We will be treated to another kind of encouragement this afternoon at the University of Minnesota, Morris, the inauguration of Dr. David Johnson as UMM's third Chancellor. Regent Kuderer has the honor of presenting Chancellor Johnson with the Mace, and I will present the Chancellor's Medallion and "give the charge to the Chancellor," which means giving out tall orders that we all know he will meet and exceed.

This month, I'm also very pleased to be able to recommend the appointment of Professor Nancy R. Wilhelmson as Acting Chancellor of the University of Minnesota, Waseca. Her prior service to UMW, particularly most recently as Director of the Office of Human Resources and the EEO/Affirmative Action Office, makes her especially qualified to address the challenges ahead. For students, faculty, and staff, this appointment serves to make the best of a difficult year.

And, before I turn to budget matters, it's my pleasure to call your attention to the election of two distinguished University of Minnesota faculty members to the National Academy of Sciences.

Dr. Daniel Joseph is the Russell J. Penrose Professor of Aerospace Engineering and Mechanics, and he becomes the only University faculty member to hold membership in both the National Academy of Sciences and the National Academy of Engineering.

Dr. Ronald L. Phillips is Professor of Agronomy and Plant Genetics, and his national recognitions include being named a Fellow of the American Association for the Advancement of Science.

With the addition of Dr. Joseph and Dr. Phillips, we now have sixteen University of Minnesota faculty members in the National Academy of Sciences.

#### **• Budget and Legislative Developments •**

A summary of this morning's discussion is attached. I do want to add a general comment that I hope might keep the 1991 legislative deliberations and our responses over the next two years in perspective.

At both the state and federal levels, vitally important and hopeful higher education developments have come to the fore at the very time when state and federal budget crises offer precious little opportunity for public investment. State and federal lawmakers on both sides of the aisle show understanding and genuine support for higher education and efforts to improve higher education, but their options are painfully limited.

Our next two years are going to be tough, even under the most optimistic possibilities that could come out of state and federal budget bills. At the state level, this session's consistent message to the University has been supportive of our recent accomplishments and the direction we are heading. Extraordinarily difficult as it may be in the face of budget cuts rather than program improvement investments, I believe the long-term future of this University will depend on our ability to maintain the course we have charted.

Minnesota's economy will get better. Minnesotans and their elected officials can be counted upon to invest in an institution that sticks to its plans in spite of the adversity we're going to share.

## The Budget for 1991-92: Prospects, Principles, and Approaches

- Because of uncertainty as to what the State appropriation will be, we have postponed action on Budget Principles. Instead, we present this overview of Prospects, Principles, and Approaches to the 1991-92 budget.

### Prospects

- **Governor's Recommendations for 1991-92:**

Appropriation Decrease	(\$ 28 M)	(6%)
Tuition Increase	\$ 10 M	8%
Campus-Based Aid: Recommended if tuition increase above inflation		

- Very significant program cuts
- Modest tuition increase

- **House Bill**

Appropriation Decrease	(\$ 21 M)	(4%)
Tuition Increase	\$ 0 M	0%
State Aid	Modest work-study	

- Very significant program cuts
- No tuition increase

- **Senate Bill**

Appropriation Decrease	(\$ 29 M)	(6%)
Tuition Increase	\$ 16 M	12%
State Grants-in-Aid	\$ 7 M	

- Modest program cuts
- Large tuition increase
- Significant student aid increase

- **Conference Committee Trade-offs:**

- Program cuts *versus* Tuition increase
- State aid *versus* Institutional aid
- Targeted subsidy *versus* General subsidy

## Principles

- The Restructuring and Reallocation plan approved by the Board in March will drive the 1991-92 (and future) budgets.
- This means quality improvement efforts will continue, even if the base budget is reduced by the State.
- These efforts are concentrated on strengthening
  - the arts and sciences
  - selected professional programs
  - general undergraduate education
  - diversity of student body, faculty, and staff
  - selected research and outreach programs

and will involve major productivity improvements in administration and operations.
- Any base reductions by the State will thus have to be met by additional budget cuts.
- In making the cuts, we will
  - avoid across-the-board reductions
  - use reserves and temporary savings to phase in the necessary permanent cuts
  - make permanent cuts in accordance with previously stated criteria: quality / centrality / demand / comparative advantage / efficiency
- The 1991-92 budget will balance program cuts and other forms of budget reductions with tuition increases to ensure quality education.
- Fundamental questions will be:
  - What is required to provide quality education?
  - How much can tuition be increased -- in relation to financial aid -- without impairing access?
  - What program cuts or enrollment reductions are necessary to ensure access and quality education?

## Approaches

- **Enrollment Management**
  - At average cost, an enrollment reduction of 1,000 students would "save" \$ 4 Million.
  - Reductions would place even greater tuition burdens on the remaining students.
  - Overall enrollment targets should probably be maintained, but we should seek better distribution of students among programs, using excess capacity in under-enrolled programs.
  - The central issue must remain improving quality.
  
- **Hiring Freeze and Layoffs**
  - A hiring freeze has been avoided because it is destructive of programmatic change.
  - All units have been urged to exercise caution in hiring -- filling only essential positions.
  - Encouraging hiring from within is intended to minimize layoffs; all contractual obligations must and will be met.
  - Reduction of services that are valuable to the state will be inevitable.
  
- **Administrative Reductions**
  - The 10% reallocation plan for central administration will continue.
  - We will review college administrations for possible savings.
  - The Total Quality Management program will continue.
  - Reductions in paperwork will be pursued.
  - Where appropriate, activities will be shifted to non-State funding.
  - Where quality can be maintained with less cost, we will recommend shifting to external services.



- **Academic Program Reductions**

- No across-the-board cuts will be made.
- We will continue the programmatic approach of the restructuring and reallocation plan.
- *Academic Priorities* and Campus Plans will be followed.
- We will review outreach programs for possible transfer to self-generated resources.
- Where appropriate, consolidation of academic programs will be pursued.

- **Cost of Salary Adjustments**

- A significant portion of aggregate University compensation is funded by non-State funds. Examples would be hospital patient revenue, research grants, etc.
- Each 1 % increase in compensation/benefits for State-funded activities costs \$ 4.4 Million.
- A 2 % increase in each year of the biennium for State-funded activities costs:

FY '92	\$ 8.8 Million	over FY '91
FY '93	<u>\$17.6 Million</u>	over FY '91
Biennium	\$26.4 Million	over Base

- **Aggregate Financial Impact - Senate Bill**

	<u>FY '92</u>	<u>FY '93</u>	<u>Biennium</u>
Appropriation Decrease	(\$29M)	(\$44M)	(\$73M)
Tuition Increase	<u>\$16M</u>	<u>\$32M</u>	<u>\$48M</u>
Net Decrease	(\$13M)	(\$12M)	(\$25M)

- Inflation impact on non-salary/benefit expenses
- Provides no dollars for salary adjustments

- **Tuition Increase - Senate Bill**

	Dollars	Percent
-- Average FYE tuition FY '91	\$2,457	
-- Average FYE tuition FY '92	\$2,796	
-- Increase	\$ 339	13.8 %
-- Average FYE tuition FY '93	\$3,156	
-- Increase over FY '92	\$ 360	12.9 %
-- Increase over FY '91	\$ 699	28.5 %

- **Aggregate Financial Impact - House Bill**

	<u>FY '92</u>	<u>FY '93</u>	<u>Biennium</u>
Appropriation Decrease	(\$21M)	(\$20M)	(\$41M)
Tuition Increase	<u>0</u>	<u>\$ 1M</u>	<u>\$1M</u>
Net Decrease	(\$21M)	(\$19M)	(\$40M)
-- Inflation impact on non-salary/benefit expenses			
-- Provides no dollars for salary adjustments			

- **Use of Investment Funds and Reserves for Phasing**

- To permit orderly transition for making programmatic cuts, we can generate additional funds for central reallocation by temporarily reducing or eliminating interest paid on Temporary Investment Funds.
- Central Reserves, estimated to be \$ 33.6 Million on June 30, are also available.

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**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
June 14, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, I will comment only briefly this morning on yesterday's budget presentation in the Committee of the Whole, but a summary of my introduction for that presentation is included as the final item in my written report.

I do, however, want to comment specifically on Governor Carlson's line-item vetoes of 19 programs in our State Special Appropriations and the brief discussion we had yesterday with Finance Commissioner John Gunyou.

First, I want to acknowledge my own appreciation that Commissioner Gunyou was willing to meet with the Board and that he and other representatives of the Governor are meeting with University people to try to work out something that makes sense. Yesterday, despite the frustration felt by several of us, was not an occasion for "shooting the messenger."

**The message, however, was fundamentally unacceptable.**

- The message confirmed publicly that the line-item vetoes of University and other higher education appropriations were not based on program merit, return on public investment, or effects on public policy or public interest in the areas our programs address.

We can appreciate the candor, but candor expressed is no substitute for solving the problems and avoiding the severe effects that would result if these programs lost their State support next year.

- The message confirmed that these vetoes were based only on total dollar targets and finding lines in the budgets that could be vetoed legally -- and that, because of those budgetary and legal technicalities, the University's and Community Colleges' cuts were disproportionately higher than the cuts to the other higher education systems. The two solutions suggested were (1) sitting down with all the higher education systems and working out some way of distributing 1992-93 budget cuts more fairly, and (2) Governor Carlson recommending the restoration of some of the University cuts in the 1992 session, leaving to the University the question of restoring any or all of the rest of the cuts.

Again, the candor was refreshing, but neither candor nor the suggested solutions will solve the problems of substance.

On the first suggestion, it must be recognized that the other higher education systems, particularly the State Universities and the Community Colleges, also suffered large cuts under the line-item vetoes, likewise based not on the merits, but on technicalities, in portions of their budgets that cannot be reasonably or feasibly eliminated. Like the University's veto cuts, theirs are on top of all the other impacts of the 1991 appropriation bill.

Furthermore, the other systems must be expected to protect their missions, by history and now by law, much more concentrated on instruction than on research and public service. The University programs that the Governor has vetoed are obviously and largely research and public service programs. I have trouble imagining that the other systems will offer up their funds to support our research and public service.

The suggestion of partial restoration supported by the Governor is a small step in the right direction, but we will continue to press a very strong case -- on the merits, on return on investment, on the public interest -- for the full restoration of these funds by the 1992 Legislature. With the budget cutting that we already have to accomplish -- to implement the current year rescission, to manage the base reductions mandated by the Legislature, and to stay on track with our own Restructuring and Reallocation program -- it is simply not realistic to pass the buck to the University to make even more cuts in the Operations and Maintenance budget in order to make up the balance of the Governor's cuts in the "System Special." Yes, the University has the legal authority to do that. Pragmatically, the level of budget cutting required to do it would be devastating.

We have our own message to communicate to the people and their elected representatives, and we will be taking every opportunity to do that before the 1992 session.

### • Graduation •

Before I move on to the rest of this morning's report, I think we could all find some comfort in some basic good news, a reminder that the last several days have also featured twenty-one University of Minnesota commencement ceremonies, capping an academic year in which over 9,000 students and their families have celebrated the successful completion of academic degrees. Their celebration is shared by all the staff, faculty, and Regents of the University of Minnesota, and I must add that the palpable joy, satisfaction, and even relief that suffuses commencement activities has been doubly important this June. We have been embroiled in controversial issues and interminable budget work, and it has been wonderfully reassuring to take part in celebrating what the University of Minnesota is,

after all, about. Seeing over 1100 students and family members at Eastcliff at our graduation receptions gave my wife and me a very direct feeling of our graduates' joy of accomplishment.

• Awards •

This is also the time of the year for many awards -- far too many to mention all that deserve to be recognized -- but I must highlight a few.

The University's highest faculty honor is the Regents' Professorship, and this morning you approved the appointments of **Professor Paul G. Quie, Department of Pediatrics and Department of Microbiology, Medical School, and Professor Frank J. Sorauf, Jr., Department of Political Science, College of Liberal Arts**. These distinguished colleagues and friends will fill the vacancies left by the retirement of **Regent's Professor Emeritus B. J. Kennedy and Regents' Professor Emeritus Edward P. Ney**.

Honors that are especially important to our initiative to improve undergraduate education, the Horace T. Morse - Minnesota Alumni Association Award and the John Tate Award for Undergraduate Academic Advising, were announced last month and introduced to you this morning.

Horace T. Morse - Minnesota Alumni Association Awards

**Frederick A. Cooper, Professor, Department of Classical and Near Eastern Studies and Art History, College of Liberal Arts**

**Van D. Gooch, Associate Professor, Division of Science and Mathematics, University of Minnesota, Morris**

**Nina M. Graves, Associate Professor, Department of Pharmacy Practice, College of Pharmacy**

**Warren E. Ibele, Professor, Department of Mechanical Engineering, Institute of Technology**

**Richard W. Lichty, Professor, Department of Economics, University of Minnesota, Duluth**

**Carol A. Miller, Associate Professor, Division of Arts, Communication, and Philosophy, General College**

**Joan Iverson Nassauer, Professor, Department of Landscape Architecture, College of Architecture and Landscape Architecture**

**Thomas K. Soulen, Associate Professor, Department of Plant Biology, College of Biological Sciences**

**Bert T. Swanson, Professor of Horticultural Science, College of Agriculture**

**Mary Susan Ubbelohde, Associate Professor, Department of Architecture,  
College of Architecture and Landscape Architecture**

John Tate Award for Undergraduate Academic Advising

**Lois J. DeLeon, Assistant Counselor/Advocate, General College Student  
Services, General College**

**Thomas B. McRoberts, Associate Director, Morris Center for Continuing  
Education, University of Minnesota, Morris**

**George L. Shapiro, Professor, Department of Speech-Communication,  
College of Liberal Arts**

I would also like to call the Board's attention to the June 2 awards of two new Harry S. Truman Scholars by the Harry S. Truman Scholarship Foundation. **Mr. Stephen J. Swanson** is a student in the College of Liberal Arts, class of 1992, and **Mr. Tim Wolf** is well known to the Regents as Chair of the Student Representatives to the Board.

And, before I leave the subject of well-deserved honors, I should pay my respects to **Regent Alan Page** for being honored by the National Education Association as the 1991 NEA Friend of Education. Regent Page was quoted as regarding this award the highest honor he has received, but having had the privilege of participating in this week's ceremony to award the 1991 Page Foundation Scholarships, I would venture the observation that he was at least as touched by the 64 students receiving their honors. I am happy to report that 31 of those Page Scholars will attend campuses of the University of Minnesota.

Finally, lest anyone think the professions don't pay attention to their national publications, I have received no less than three clippings to call my attention to the fact that **Regent Elton Kuderer** is on the 1991-92 list of the Best Lawyers in America, an honor based on selection by peers in each state.

• **Diversity Forum** •

The University of Minnesota "Diversity Forum" was held on May 29, thanks to the leadership of Regent Emeritus Josie Johnson and Acting Vice Provost Dennis Cabral and the assistance of many staff and faculty members. Dr. Cabral's office is preparing materials on the Forum

proceedings, and these will be presented to the Board as a supplement to the regular annual report that Dr. Cabral is scheduled to present at the July meeting.

**• Presidents' Conference on the New Agenda of Women •**

Two rather frenetic trips to and from airports and a plane ride separated our Diversity Forum and a Presidents' Conference on the New Agenda of Women, sponsored by the American Council on Education and the University of Maryland at College Park. This was a conference especially designed for "administrative teams" -- which means, in conference language, "make sure the presidents are involved" -- and I was joined by Vice President Marvalene Hughes and Professor Janet Spector, Special Assistant to the Vice President for Academic Affairs and to the Director of Equal Opportunity.

Without trying to summarize the materials, issue papers, and discussions -- which were superb, I must say -- I'll only comment that this was one of those particularly gratifying conferences where one learns much about activities in other institutions, but sees first-hand how well regarded our own people and programs are by their colleagues around the country. The Minnesota Plan II and the work of the University of Minnesota Commission on Women were heavily featured as exemplary models in this conference, and the cooperative efforts being developed by Vice President Hughes and the Commission on Women to involve students, as well as faculty and staff, in the Commission's activities is a further step toward the kind of community we want to be.

**• Total Quality Management Workshops •**

Over the last few weeks, we have taken the first steps toward wider implementation of the Total Quality Management (TQM) program that Gus Donhowe began with pilot programs in Finance and Operations units. TQM comprises principles and a set of quality improvement tools that provide a way for organizations to improve services, as judged by service users or customers. Most organizations using TQM have found that they can economize and increase quality by simplifying processes and reducing the need for review and rework.

Members of the President's Cabinet and their staff associates have participated in two days of training on basic approaches to quality improvement in higher education. Additional training will take place in June and July, and by mid-summer we expect to initiate several projects centered on direct services to students.

• R.O.T.C. •

I have two further developments to report regarding our efforts to seek a change in the Defense Department's exclusion of gays and lesbians from the R.O.T.C., which violates the Board of Regents' non-discrimination policy.

First, I wrote to Secretary of Defense Dick Cheney on May 2 to suggest that the Defense Department and one or more universities undertake a trial program under which gays and lesbians would be admitted to the R.O.T.C., and that the outcome be evaluated and the policy be reconsidered on the basis of the evaluation. Members of our Congressional delegation have lent their support to this effort, thanks primarily to the efforts of Regent Reagan. We have not yet received a response, but according to telephone contacts, one is forthcoming.

Second, at the recent meeting of the Council of Ten, I asked the Big Ten presidents and chancellors to request a meeting with Secretary Cheney to discuss, without any pre-conditions, the issues involved. The letter to the Secretary went forward on June 10 from the current chairman of the Council of Ten, President Steven C. Beering of Purdue University. We hope to receive a response within the next few weeks.

I will continue to keep the Board informed about these, and any other, developments at the national level. Taking local action against the R.O.T.C. is not, in my view, the best way to achieve the goal of non-discrimination at the national level, at least not at this time.

• 1991-92 Annual Budget •

**Context**

- The University of Minnesota's Restructuring and Reallocation plan, approved in March, 1991, to improve the quality of highest priority programs, calls for internal reallocation of nearly \$60 million over the next five years.
- The State's budget crisis has imposed enormous restrictions:
  - (1) precluding any request for inflation adjustments;
  - (2) causing the withdrawal of the University's request for program improvement funding;
  - (3) forcing a rescission of \$8.8 million late in the current fiscal year, 1990-91;



- (4) resulting in a \$41 million reduction in the University's adjusted base budget for the 1991-93 biennium; and
- (5) causing the Governor to veto line-items totaling \$23.23 million in the University's appropriations for the second year of the biennium, 1992-93.

### **Issues for the University and the State**

- Will it still be possible -
  - to improve undergraduate education?
  - to pursue our diversity agenda?
  - to support cooperation with K-12 education?
  - to sustain research and technology transfer?
  - to develop first-class graduate and professional programs?
  - to provide outreach and public service?
- The State's economic, social, and cultural development will be greatly influenced by the answers.

### **Impacts on the University Community and the State**

- University students face tuition rate increases averaging 12% in 1991-92, roughly \$300 for undergraduate students. Tuition revenues will increase 9%, roughly \$13 million.
- University staff and faculty will lose \$18.5 million in purchasing power without salary increases to meet the effects of inflation; individually, faculty members will lose \$2,350, and staff members will lose \$1,200.
- The University's annual budget for 1991-92 must implement the non-recurring cut of \$8.8 million that was imposed on the 1990-91 budget and was temporarily covered by bridge funding.
- University programs face over \$30 million in recurring cuts in the 1991-92 budget to meet the reductions mandated by the biennial legislative appropriation.
- University programs will also provide \$4.5 million for reallocation to high priority programs, while also accomplishing next year's share

of the five-year target of \$37 million of reallocations within campus, collegiate, and departmental budgets.

- Two of the University's State Special Appropriations, the "System and Institute of Technology Specials," face the threat of \$23.23 million of budget cuts in the second year of the biennium, because of the Governor's line-item vetoes. Those cuts do not affect the 1991-92 budgets of the 19 programs included, but making the very strong case for restoration in the 1992 legislative session will be a dominant issue during the coming year.
- The University will continue quality improvement in the most essential teaching, research, and public service programs, but there will be negative impact from the cuts we will have to make in many activities.

### **Budget Principles for 1991-92**

- The Restructuring and Reallocation plan approved by the Board of Regents in March will drive the 1991-92 -- and future -- budgets.
- Quality improvement efforts will continue, even though the base budget has been reduced by the State.
- Budget reductions will be accomplished by programmatic reductions, not across-the-board cuts.
- Permanent budget reductions will be governed by the previously stated criteria: *quality / centrality / demand / comparative advantage / efficiency*.
- Reserves and temporary savings will be used to phase in the necessary permanent cuts.
- The budget will balance program cuts and other forms of budget reductions with tuition increases to ensure quality education.
- Financial aid will be utilized to assure economic access to the University.
- The budget will demonstrate accountability to the citizens of Minnesota and the University community.
- The primary value of the human resource will be considered in the development of the budget.
- Funding source will not determine level of compensation.

## **A Demanding Agenda**

- The Restructuring and Reallocation plan may be the most ambitious self-improvement effort in American higher education.
- This plan is grounded in over a decade of thorough self-assessment, University-wide participation in the priority-setting process, and a genuine commitment to planning and budgeting that stays on course toward publicly stated goals and objectives, measures progress, and adjusts accordingly.
- Continuing to make the very tough choices that will improve the quality of the University is absolutely fundamental to the University's accountability to the people of Minnesota.
- By any measure, Minnesota depends heavily on the University's ability to educate its citizens and leaders, its ability to provide innovation, and its ability to serve as Minnesota's primary link with national and international networks of knowledge.
- In short-term financial measures, the State's annual investment of less than \$500 million in the University generates annual economic activity of over \$1.7 billion, surely an immediate productivity on State dollars invested that far exceeds any other State-funded activity.

## **Looking Ahead**

- University students and their families cannot be expected to pay tuition increases year after year that exceed inflation and the increases in comparable universities.
- University faculty and staff cannot be penalized by a second year of purchasing power reductions. They don't deserve it, and the competition for talent doesn't relax because of state or university budget difficulties.
- The short-term and long-term productivity of the teaching, research and service programs affected by the Legislature's cut and the Governor's vetoes cannot be sacrificed; relief must be sought as early as possible in the 1992 session.

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
July 12, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, yesterday's discussions in your Faculty, Staff, and Student Affairs Committee included reports from Campus American Indian Advisory Committees and an Interim Report on Minority Affairs. Two messages emerge: we're making progress; we have much progress yet to make. The latter makes it a very special pleasure to announce two new steps of genuine progress.

**• American Indian Studies Endowed Professorships •**

We are announcing today the establishment of two new endowed professorships in American Indian Studies, one for UMD and one for the Twin Cities campus. I have partners in making that announcement -- partners in planning these professorships, and partners in the continuing fund-raising efforts -- and Ms. Linda Johnston, Assistant Director of Admissions and Records and Co-Chair of the President's American Indian Advisory Committee, will now introduce those who were able to join us this morning.

The UMD Endowed Professorship in American Indian Education will be funded with \$250,000 from the Permanent University Fund and another \$250,000 from the sale of "salt lands." This professorship will be housed in UMD's College of Education and Human Services Professions, where it will support visiting faculty involved in the education of American Indian students who want to become public school teachers, thus building on UMD's already established track record of training American Indian students for the professions.

The Endowed Professorship in American Indian Studies for the Twin Cities campus will be administered through the Office of the Vice Provost for Arts, Sciences, and Engineering. Its initial funding includes \$250,000 from the Permanent University Fund and another \$250,000 in income earned from a McKnight Foundation gift. This, too, will support visiting faculty appointments:

- (1) Residencies for tribal historians, language specialists, artists, and others with special expertise;
- (2) Faculty exchanges with tribal community colleges;
- (3) Year-long appointments of younger scholars, with the flexibility to allow limited teaching while they complete dissertations; and

- (4) Shorter-term visiting appointments of distinguished senior scholars of American Indian Studies.

In both cases, these are permanent investments in the quality of our American Indian Studies programs. In both cases, these are flexible endowments, allowing programs the freedom to meet changing needs and take advantage of opportunities to recruit talent. And, in both cases, these are cooperative developments, worked out in partnerships between University and American Indian communities. These are partnerships that have much progress yet to make, but these are exciting new steps we're taking.

### • CBS Groundbreaking •

More good news on long term investments came from the June 28 groundbreaking ceremony for the Biological Sciences Addition on the St. Paul campus. This facility will house the Department of Ecology, Evolution, and Behavior, as well as the State of Minnesota collections of the Bell Museum of Natural History.

In many ways, it represents in microcosm the University of Minnesota preparing for the 21st Century:

- Identifying the critical problems in research -- as driven by the dynamics of the search for knowledge and by the needs of our global community;
- Organizing the research enterprise around those critical problems, increasingly by fostering interdisciplinary centers;
- Providing the facilities, equipment, and infrastructure needed for the work;
- Recruiting and educating the scientists and scholars who alone can identify and solve the critical problems;
- Linking undergraduate and graduate education to such centers;
- And providing public service -- economic, environmental, social, and cultural -- to the citizens of Minnesota.

### • Athletic Facilities •

Yesterday's news conference announcing our fund drive for the new hockey arena and the renovation of Williams Arena for men's and women's intercollegiate athletics, coupled with the Board's approval to

proceed with the design and construction was more good news. Groundbreaking will be even better, and I can say "will" with considerable confidence now, knowing that Kathleen Ridder and Stanley S. Hubbard, Jr. are the leaders of the women's and men's volunteer fund drives.

### • International Special Olympics •

Speaking of volunteers and athletes, our campus community and the larger community will be honored -- and I must emphasize "honored" -- to host some of the best of both this month, with the July 19-27 "1991 International Special Olympics."

This is the world's largest sporting event in 1991, the largest ever held in the State of Minnesota, and, with 6000 athletes from more than 90 nations, the largest International Special Olympics ever held.

As with the U. S. Olympic Festival arrangements, the University of Minnesota's participation is under the leadership of Mr. Chuck Lawrence, who somehow manages to coordinate all the offices and student, staff, and faculty volunteers who will be involved in logistics that are more complex than any we have experienced. We are housing and feeding 4,600 of the athletes, and our athletic facilities will be used for swimming and diving, track and field, basketball, bocce ball, team handball, roller skating, and table tennis.

### • Personnel •

This month there are several important personnel matters to report. First, I want to acknowledge Leonard Kuhl's two years of service as Senior Vice President for Academic Affairs and Provost. As "biennia" go, this has been among the busiest and most demanding, with the reorganization of central academic administration, the development of new patterns of cooperation with other higher education systems, implementation of *Academic Priorities* planning, dealing with our *Restructuring and Reallocation* plans and its system-wide initiatives, re-examining the issues of liberal education, and getting started on a thorough review of performance evaluation and recognition.

Given the complexity and urgency of our agenda, Dr. Kuhl's resignation presented us with another case where -- like the recruiting of Gus Donhowe -- we need to find a leader who could "come down running." I have asked Dean Jim Infante to do just that, and I am delighted that he has accepted. Judging from his administrative, professional, and community service, he seems to have boundless energy; judging from all the sessions he and I have had together, I know he understands and is committed to the University's vision.

And, for those who enjoy reading academic project and publication titles that are found in curriculum vitae, I would point out that Dr. Infante has published an article *"On the stability of some continuous systems subjected to random excitation."* That sounds close enough to academic administration...

This will be a one-year appointment, without the "Acting" or "Interim" qualifiers that could be perceived as influencing his responsibility and authority to address the pressing decisions. He will take a one-year leave of absence from the Deanship of the Institute of Technology, and I have asked Vice Provost Anne Hopkins to recommend an Acting Dean as soon as possible. It's my intention to recommend a permanent appointment for the Senior Vice President and Provost beginning in July, 1992.

Today's meeting is our last with Acting Chancellor Tom Lindahl of the University of Minnesota, Waseca, who leaves us now to become Dean of the College of Agriculture at the University of Wisconsin, Platteville. Tom has served UMW, the Waseca community, and the University with uncommon distinction, particularly in this past, most difficult year, and I must express my personal gratitude for his loyalty, candor, and active participation on the President's Cabinet.

He leaves the UMW administrative responsibilities in good hands, and I want to recognize Acting Chancellor Nancy Wilhelmson's first official participation in this month's Regents' meetings. The transition process has had a head-start over the last several weeks, and Nancy has already taken on the job's demands.

This month offers another smooth transition, from the 15 year career of College of Education Dean William E. Gardner to my recommendation today for the appointment of Dr. Robert H. Bruininks. Dr. Bruininks has been a member of the University faculty since 1968, and he has served as chair of the Educational Psychology Department and director of Minnesota's Developmental Disabilities Planning Office. He is currently director of the University's Institute for Community Integration, which he founded to promote teaching, research, and outreach programs to better integrate Minnesotans with disabilities into their schools and communities. A timely example of that work is the training that the Institute has been providing this year to volunteers working with the International Special Olympics.

The other deanship recommended this month, Dr. David Kidwell as Dean of the Carlson School of Management, has already been the subject of considerable attention and some controversy. As I communicated to the Regents in my letter last week, The recommendation comes to you after an extraordinarily long search -- three years -- and after two failed attempts to attract a leader of national stature to the School. It comes to you surrounded by publicity and questioning. This is clearly an important

matter, a good illustration of the strategic choices we face -- and will continue to face -- a decision that involves:

- a) an important programmatic development;
- b) a significant amount of resources; and where
- c) we either do it or we don't -- there is no opportunity for a compromise; making a half-hearted commitment will get us nowhere.

We have made such strategic choices already. Let me mention some examples:

1. We have committed major resources to the *Undergraduate Initiative* -- at least \$5 million in direct funding so far. This is clearly a strategic choice -- an important programmatic development and a significant commitment of resources. No compromise is possible; no half-hearted commitment will do.
2. We have committed major resources to CLA and IT -- \$7.5 million so far, of which \$1.5 million is being assigned to those colleges in the budget for 1991-92. Again, important programmatic developments and major resource commitments are involved. No half-hearted commitment will do.
3. We have decided to close the Waseca campus -- a \$6.4 million strategic decision based on a judgment that this is a programmatic need that other institutions are meeting, or can meet, and that we cannot make the necessary commitment of resources given our unique responsibilities and limited resources. Again, no half-hearted commitment was feasible.

Our main task -- now more than ever -- must be to identify and make such strategic choices. If we do, we will improve the University of Minnesota and serve the citizens of Minnesota even better. If we don't, we will dribble away the State's limited resources on mediocrity. And, we will not sustain our significant ability to generate our own funds from non-State sources.

The proposal on the CSOM is such a strategic choice. It is not an ad hoc recommendation. Nor is this recommendation a commitment to an individual -- a new dean -- although his leadership is a crucial component of our recommendation. The recommendation:

- a) affirms the priority already given to the CSOM in previous planning and in the Minnesota Campaign -- where by far the largest private commitment was made to the CSOM -- and in the Restructuring and Reallocation approved last March;



- b) states that a positive strategic choice is necessary if we are to undertake the important programmatic task of creating a leading public school of management, a choice involving a significant amount of resources;
- c) states that no half-hearted effort is going to produce the kind of non-State resources that are necessary to build the CSOM; in fact, the recommendation states that we run the serious risk of losing ground, of not even sustaining the progress that has been made in improving the CSOM, if we do not make a major commitment now.

This is why the recruitment of David Kidwell and the establishment of a plan involving additional resources are crucial decisions at this time.

The last personnel item I want to report is the search for a Vice President for Health Sciences. Because of the resignation of the Senior Vice President for Academic Affairs and Provost -- and the obvious need to identify new academic leadership promptly -- I've had to put a brief hold on the Health Sciences search. It will be resumed immediately.

#### • ROTC Update •

As a brief update on ROTC developments, I regret to report that the Department of Defense has rejected our proposal for a pilot program, despite the much appreciated support that members of the Minnesota Congressional Delegation gave us. We have not, however, received the Defense Department's response to the request by the Big Ten Presidents' Council to discuss the issues -- without pre-conditions -- with Secretary Cheney. I will report to the Board as soon as we receive a reply.

#### • Further Program and Budget Changes •

### The Task

The task we are taking on for the next three-four months can be briefly defined this way:

- to continue to hone the profile of the University of Minnesota;
- to make the University of Minnesota even stronger in its unique role for the 1990s and the 21st Century;
- to continue to refine and implement the directions set for the University of Minnesota in the planning effort of the last few years -- in Academic Priorities and the corresponding coordinate campus plans as modified by Restructuring and Reallocation;

- to define with even greater precision what the application of our five basic criteria means in the development of the University of Minnesota (*quality / centrality / demand / relative advantage / efficiency and effectiveness*);
- to meet the requirement of immediate programmatic cuts imposed on us by the 1991 Legislature; and
- to plan for additional cuts that will be necessary, if the Governor's vetoes are not rescinded or overridden.

Budget cutting is not the main task, only a necessary result of the main task -- which is to create an even better, albeit somewhat smaller, University of Minnesota!

### **The Approach**

The approach will be that of zero-base programming, not "What can be cut?" but "What must be **preserved**, and be **strong**, if the University of Minnesota is to be a leading university for the State of Minnesota and the nation?"

### **Process and Targets**

The overall target for program and budget change is \$32 million by July 1, 1992 -- with a contingent additional cut of \$23 million (maximum) by the same date.

At this stage, we must concentrate on the \$32 million cut, while keeping in mind that additional cuts may be necessary.

The cuts at the \$32 million level must be permanent cuts. They will, it seems, inevitably involve some larger units which will be eliminated.

At one level, we will address overall institutional strategies, including cuts at the college or equivalent level.

For each major area, we will consider the implications of retaining only 90 percent of the budget within the particular area, not counting changes already part of the reallocation effort. (Any implications for the reallocation effort of what is proposed will be identified.)

In the final plan, certain areas will probably be totally exempted from cuts, while others will have to sustain deep cuts (beyond 10 percent), or be totally eliminated.

The most important step is to identify the irreducible core of activities that must be retained -- with quality -- to make the University of Minnesota a strong university for the 1990s and the 21st Century. The plans developed over the past several years, with refinements in Restructuring and Reallocation, represent the foundation on which to build, and the direction in which to go. We are not starting from scratch!

### **TIMETABLE**

June 26	President issues instructions for planning and decision making
July 10	Cabinet discusses planning and decision-making process
July 11-12	President provides Board of Regents with status report at BOR meeting -- as part of President's report
July 15	The three Working Groups convene (if not earlier) to review options prepared
July 17	Day reserved for Strategic Group(s) meetings.
August 12	The three Working Groups submit their draft plans to the President; President and Senior Vice Presidents review draft plans and prepare draft of institutional plan, in consultation with Cabinet members and others as appropriate.
August 29	President provides Board of Regents with status report at Board of Regents' retreat.
September 5	Drafting Group receives instructions from the President for drafting final plan.
September 20	Draft plan distributed to Cabinet.
November 7-8 / December 12-13	Plan reviewed by the Board of Regents, for information and action

### **• Capital Improvements Request and Timetable •**

We have not yet received new instructions from the state regarding capital improvements requests that might be considered in the 1991 legislative session. However, the University's Space Advisory Committee, chaired by Associate Vice President Bob Kvavik, has developed the background information that we will need as the capital request process takes shape. The President's Cabinet began discussing this information this week, and we expect to bring recommendations to the Board for information at the September meeting.

As basic principles underlying our discussions, we will continue to:

- insist that capital improvements requests be consistent with University and campus academic priorities;
- concentrate primarily on completion of projects in which the state and/or the University has already invested planning funds;
- maintain appropriate continuity with previous legislative requests.

Also underlying our discussions will be the understanding that our needs for capital improvements, however well documented, will face difficult circumstances:

- Projects already planned and requested include five construction and remodeling proposals that would each cost \$30 million or more. At \$62.7 million, the Basic Science Building would be the largest University project ever funded by the state.
- The University's total needs exceed realistic estimates of state bonding authority that will be available under the current state policy that holds bonded indebtedness at 3% of the state's general fund.
- Alternative sources of funding must be pursued aggressively if we are to make substantial progress in addressing the large backlog of established needs.
- We will need to further develop our master planning, system-wide and for each campus, that coordinates academic and physical planning, that is integrated with existing University development, that takes into account the concerns of surrounding communities, that makes the wisest use of our physical and financial resources, and that addresses safety and environmental concerns.
- We will need to pay special attention to the problems of deferred maintenance, program accommodation remodeling, and life-safety projects, usually too large for departments or colleges to handle and too small to gain attention and support on legislative request lists.

All in all, capital improvements requests will face troublesome clashes of realities. Physical wear and tear is real, even under the best of management. Programmatic needs and opportunities are real. On the other hand, the state policy on bonded indebtedness is an operational reality, all other state-supported organizations have their own real needs that compete with ours, and there is the all-too-familiar political reality that increased appropriations will be difficult to pass.

We must work hard to demonstrate to the state's leaders that further investment in the University of Minnesota is the best investment in economic development the state can make.

**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
September 13, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, it was my pleasure last week to participate in a news conference that featured the economic impact of one part of the University, the Institute of Technology. Now it's my pleasure to show you the Fall, 1991, issue of *Items*, the I.T. news magazine, which reports on some of the businesses that have been founded or co-founded by Institute of Technology alumni.

**• Companies Started by Institute of Technology Alumni •**

I emphasize "some" because the information gathered to date by Mr. John Larson and Ms. Linda Goertzen of the I.T. Development Office is, by no means, complete. Mr. Larson conducted two similar studies for the Massachusetts Institute of Technology, and he knows from experience that the publication of this preliminary study of Minnesota's I.T. alumni will yield far more information that will make an already impressive economic impact study even more dramatic.

What Mr. Larson and Ms. Goertzen have already found is already far more dramatic than any of us realized. We've all known that I.T. alumni have founded major companies; we've often made proud reference to a few of them. I think, however, that few of us realized that I.T. alumni have started more than 400 companies!

This morning, we're going to put the ingenuity of one I.T. alumnus, Mr. Bryan Beaulieu (Mechanical Engineering, '72) to a severe field test, the setting up of a portable display, during a meeting, in an ill-suited room, by University staff members who never saw the device until yesterday.

Mr. Beaulieu's photo is on page 2 of the magazine, his product's description is on page 20, and his company, Skyline Displays, is listed inside the back cover.

If we can pass this field test, it will go a long way to explain why Mr. Beaulieu's company controls 25% of the world's market for portable displays and is five times larger than his closest competitor.

While he was an I.T. student, Mr. Beaulieu started working for another I.T. business founder, Lloyd Cherne, at Cherne Medical, Inc. He started his own company in 1980. He now employs 570 people in Burnsville -- 50 added since June -- and has annual sales of \$ 50 million.

To add yet another I.T. connection, Skyline Displays is the first company to have a \$ 1 million image processing system installed by Dicom Corporation, another company founded by an I.T. alumnus, Mr. Frederick W. Lang (Electrical Engineering, '49) ... who also founded Analysts International Corporation.

The people stories are more interesting, but to summarize the statistical information in the magazine -- and to try to put the numbers into some perspective -- consider the following:

- At least 413 companies have been founded or co-founded by 393 I.T. alumni. The numbers differ because some companies were co-founded by as many as four alumni, and some individuals have been involved in the establishment of several companies.

[Mr. Edward Orenstein (Electrical Engineering, 1954) has founded or co-founded nine companies, all of them in Minnesota.]

- We only have annual sales information on 224 of these companies, but just those 224 represent annual sales of at least \$ 11 Billion.

If those were all consolidated as one corporation -- we'll call it "I.T. Diversified, Inc." -- it would rank at least 73rd in the Forbes 500 American corporations, just after United Airlines.

- 324 of the 413 companies identified so far report total employment of more than 100,000 people worldwide.

That size of a workforce would rank even higher -- 42nd -- among America's largest corporations.

- 265 of these companies (64%) are located in the State of Minnesota.
- 113 of the 265 companies located in Minnesota report total employment of 48,931 people in Minnesota, plus another 29,509 worldwide.
- 146 of the 265 companies located in Minnesota report total worldwide sales of \$ 8.3 Billion.

I know that these summary numbers turn into something of a blur when I rattle them off, but one thing remains clear; these numbers mean big economic impact -- real impact that originates from a small number of entrepreneurs whose common background is a University of Minnesota education -- in most cases at the undergraduate level.

The graphic chart that John and Linda have set up -- and that's reproduced as the center spread of the magazine -- goes well beyond the numbers and begins to tell the people stories. At a glance, it looks like an astronomy chart, with stars and constellations, but I heard an aerospace engineer, Acting Dean Gordon Beavers, liken it to the growth rings of a tree.

Whichever model you'd like to use, I'd like to call attention to the notions of "Progeny" and "Serial Entrepreneurship." Mr. Orenstein, whom I mentioned earlier, represents both. When he founded Data Display in the late 1950s, he had been at Control Data Corporation, co-founded by four other I.T. alumni. His remarkable serial entrepreneurship is reflected in the founding of five more companies and the co-founding (with other I.T. alumni) of three more.

By my count, there are 22 companies with lineage to Control Data, 20 of them headquartered in Minnesota. The entrepreneurship of four alumni (Seymour Cray, William Keye, Frank Mullaney, and Elmer Engstrom) is now connected to the current employment of over 27,900 people and current annual sales of over \$ 3 billion.

Medtronic, Inc., founded by Earl Bakken (Electrical Engineering, 1948) is the other prime example of progeny and serial entrepreneurship, with 16 companies (14 in Minnesota) currently employing more than 13,000 and having \$ 1.3 billion in annual sales.

Altogether, more than one-fourth of the companies identified in this study involve one or both of these "spin-off" relationships with Institute of Technology education as the common thread. This is most dramatic -- and, I suggest, particularly thought-provoking -- in the biomedical sector, where 32 of the 35 companies involve some form of spin-off.

Common sense would suggest that spinning-off is especially characteristic of new and developing industrial sectors, such as biomedical and computers/semiconductors. And, common sense would suggest that it's good sense for our state to invest in the University's abilities to foster new and developing industries that have such important long-range economic impact.

Beyond strengthening our message about the University's impact on Minnesota's economy, this preliminary information can serve to broaden our understanding of the interactions between the University and the private sector. Over the long term, I see this list as much more than names of companies; it's also a list of "expert practitioners." It's a list of University of Minnesota alumni who have succeeded, and I hope it's a list of alumni who are willing to talk to us about the roles that University teaching, research, and technology transfer have played -- and especially how those roles can be strengthened. I know we're ready to listen.



The Institute of Technology study has provided economic impact information that we haven't had before, but it's only from one college. It doesn't capture the breadth of University impact, but it does speak directly and meaningfully to the return on Minnesota's investment in the University. We will continue to improve the Institute of Technology's information on economic impact, and we will broaden that effort to other colleges of the University. We simply must be prepared to show the people of Minnesota the fullest possible picture of the economic impact that we have had -- and that we can have. That accountability is absolutely essential to the investment choices that Minnesotans and their elected representatives must make.

• **Contracts & Grants, Patents & Licensing - FY 1991 Results** •

I'd like to call special attention to this month's reports on Grant and Contract Activity and Technology Transfer Activity, submitted by the Office of Research and Technology Transfer Administration. It's that time of year when we're able to report on the last full fiscal year, and these reports do offer us at least general benchmarks.

Because grants and contracts are based so heavily on peer review and other rigorous examinations -- in increasingly competitive programs -- it's crucial to keep in mind that we owe "our" successes to the energy and talent of our faculty members. The institution does, indeed, try to facilitate these efforts through policies and seed money support, but the institution doesn't write proposals and do the quality work that earns this support; our faculty and staff do that.

- University of Minnesota faculty members were awarded \$ 232,846,093 for sponsored research and training grants and contracts last year, fiscal year 1990-91:  
  
 \$ 177,342,120 (76%) from the federal government,  
 \$ 16,583,981 ( 7%) from state and local governments, and  
 \$ 38,919,992 (17%) from private sources.
- For the preceding year, FY 1989-90, the total was \$275 million, but that year included \$ 66.7 million for the five-year contract awarded to the High Performance Computing Research Center. Excluding that contract gives a more meaningful annual total for our year-to-year comparisons:
  - FY 1989-90 (adjusted) total was \$208.6 million, so total awards for FY 1990-91 increased \$24.2 million, or 11.6%.
  - FY 1990-91 federal awards increased 24% over the adjusted total for the prior year.

- "Private" funding (Business & Industry, Foundations, Associations, and Individuals & Others) increased 5%. That's essentially level, considering inflation, but given general economic conditions in the private sector, this would appear to be an encouraging level of support/investment.

All in all, I would regard this past year's record to be a good one, considerably better than I would have expected, given the budget constraints that virtually all public and private organizations have been facing. That reassures me that University of Minnesota faculty continue to be well-regarded nationally, and that the investments we have been able to make to support research and training initiatives have been good investments.

On balance, last year was also a good year for the University's patents and licensing efforts, with:

- 170 disclosures of potential inventions (144 the previous year);
- 35 new patents issued to faculty members (39 the previous year);
- 32 new licenses negotiated with companies to use products or processes invented at the University (42 the previous year); and
- 99 new University trademark licenses (92 the previous year).

#### • Budget Adjustments - Status Report •

Next month, Senior Vice Presidents Jim Infante and Bob Erickson will join me in presenting a comprehensive budget plan that will be considerably more far-reaching than the remaining portion of this fiscal year's plan that we promised at your July meeting.

That plan will continue -- on course and on schedule -- with the five-year, \$ 60 million Restructuring and Reallocation Plan that you approved last March. We are not putting quality improvement on the back burner.

That plan will outline the actions we recommend to deal with the \$31.9 million budget reduction that will be necessary this biennium.

And, I hasten to add, the actions we recommend will be consistent with our established academic priorities and the criteria that we have been using in making the program and budget choices facing the University.

Filling in the remaining features of this fiscal year's budget, however, is simply not enough, and it is unacceptable to put the entire

University community through yet another round of annual budget decisions for next year, and the year after, and on and on.

The budget plan we will present in October will deal with the State budget reductions that we know we must make for the second year of the biennium, fiscal year 1993. It will do more.

The plan will also lay out longer range strategies for dealing with the continuing budget constraints that we believe the State of Minnesota will face in the next biennium, possibly even longer.

The plan will also deal with a crisis that I'm tempted to call our very own "Silent Crisis," deferred maintenance of University facilities. In fairness, there's been no shortage of well-documented warnings, but like most discussions of infrastructure, it has been difficult to get attention paid to our aging infrastructure of facilities and utilities. We already have a \$300 million problem; we have \$ 10 million a year to deal with it; and, the problem grows by \$ 10 million every year. It takes no math genius to see that we're in trouble. We're going to take the leadership in working our way out of it.

### • Personnel •

#### General Counsel

As members of the Board know, General Counsel Surrell Brady has decided to return to Washington, D.C., and this is a resignation that I have accepted with considerable regret. Ms. Brady has been a trusted advisor and colleague to me and to other members of the President's Cabinet and the Provost's Council. From the very outset, she participated actively and helpfully in the entire range of our discussions, raising not only the important legal and policy considerations, but also contributing to the full range of social and educational discussions. In short, she has contributed general counsel, as well as legal counsel, and we have gained from her active involvement and good judgment.

I have consulted with a number of people in the legal community to identify potential candidates, several of whom I have interviewed, to serve as Acting General Counsel. I hope to make a recommendation for that appointment next month. I have not yet completed the plans for a national search, but I will report further at the October meeting.

In addition to the regular search process, I have asked Dean Robert Stein to chair a review group of three-to-five people to study the Office of the General Counsel and give me recommendations on any changes that ought to be considered at this time. Ms. Beverly Ledbetter, Vice President and General Counsel at Brown University, has also agreed to serve, and I will inform the Board of further names as soon as I can.

## Vice President for Research/Dean of the Graduate School

Combining the Graduate School deanship with the University-wide responsibilities of a Vice President for Research has been an organizational step that I have been considering ever since I returned to Minnesota. It is by no means an unusual structure in American research universities, and I am now even more strongly convinced that the time is right to take this step. The retirement of Dean Robert Holt has allowed us to conduct a national search that has been based, from the outset, on the combined job description. This search is now in its advanced stages, and I hope to make my recommendation to the Board for action at the October meeting.

Senior Vice President and Provost Jim Infante has asked Dr. Walter V. Weyhmann, Professor of Physics and Astronomy and Associate Dean of the Graduate School, to serve as Acting Dean until this position is filled.

The time is also right for a few comments on "the retiring Bob Holt," with quotation marks added because that is surely the oxymoron-of-the-year in these parts!

Those who attended last May's commencement ceremony for the Graduate School heard the story of a Vice President for Academic Affairs who once described a Dean as "just too nice," having never made the Academic VP nervous, an accomplishment alleged to be the mark of a good dean. That standard was applied to Bob Holt, with the suggestion that he would "go down in University history as one of the great deans!"

I don't know how often Dean Holt has made Academic VPs nervous, though I've heard rumors. My own experience has been more like exhilaration -- from being the beneficiary of Bob's apparently boundless energy and enthusiasm -- and I value that exhilarating experience very much.

At last spring's commencement, Dean Holt's energy and enthusiasm were reflected in a summary of some of his accomplishments, a recounting that I think is well worth repeating on his last working weekday as Dean:

- He was the chair of the "Task Force on the Quality of Graduate Education and Research" and the principal author of its 1984 report, which has been the dominant, guiding force in virtually everything we've been trying to accomplish in graduate education and research since then.
- He was the driving force in persuading Minnesota legislators to provide graduate fellowship funds.

- On the national level, he was a prime mover in lobbying for summer research fund to support advanced graduate students of color.
- He completely overhauled graduate student recruiting programs and materials.
- He institutionalized the graduate program review process.
- He has been especially effective in fostering interdisciplinary and interdepartmental graduate programs.
- He was a key player in the Minnesota Campaign, insisting on the careful adherence to the University's academic priorities.
- He brought effective staff organization to the Research Executive Council.
- He has guided the investments we have been able to make in small grants, equipment and facilities improvements, and proposal development activities designed to attract sponsored research funding.
- He has campaigned successfully for major science facilities that have proven so important to attracting major research grants.
- He has been a major force in the University's efforts to attract grants and contracts for major interdisciplinary research centers that involve regional, national, and university-industry collaboration.
- He chaired the national effort by the Council of Graduate Schools that has set the national agenda on the issue of faculty supply and demand.
- He has been the driving force behind the McKnight Land-Grant Professorship program.
- He brought research to the public and their elected representatives through "Academia in Review."
- And, month after month and year after year, Dean Holt's infectious enthusiasm for graduate education, research, and outreach has enlivened meetings, conferences, and hearings on-campus and off.

Bob, your contributions have been outstanding. This University -- all of us -- are deeply indebted to you.

## **Vice President for Health Sciences**

I am conjuring up special retribution for a staff member who pointed out to me that the Soviet Union has been reorganized in less time than it has taken to appoint a new Vice President for Health Sciences, but there's some comfort in the likelihood that the Soviet Union's work isn't really done.

There is great comfort in bringing you my recommendation for the appointment of Dr. Robert E. (Andy) Anderson as Vice President for Health Sciences.

As I said in announcing my recommendation, Dr. Anderson has the strong personal and professional qualities to assume this critical post during this time of change -- change for the better -- at the University of Minnesota. The lengthy search process has been frustrating, but the outcome is worth it. I am recommending a leader who has already had the time to grasp the complexities of the position, and our Health Sciences units have had the opportunity for in-depth consultation on the nature of the challenges and the leadership qualities needed to meet them.

### **• ROTC •**

With respect to our continuing efforts to resolve the conflict between the Department of Defense policies on ROTC and university and state policies on equal opportunity, I can report today that there will be an opportunity for a Big Ten group to discuss the issues with representatives of the Department of Defense. Through the efforts of Purdue University President Stephen Beering, who chairs the Council of Big Ten Presidents and Chancellors, a meeting is being set up in mid-November. I will be attending, as will Chancellor Donna Shalala of the University of Wisconsin and Chancellor Morton Weir of the University of Illinois. I am satisfied that we will have the opportunity for direct communication, and that our discussion will be taken seriously.

### **• International Special Olympics •**

To conclude on a most positive note, I want to pay tribute -- once again -- to Mr. Chuck Lawrence and what he called the "Core Committee" of University staff members responsible for coordinating University arrangements for the 1991 International Special Olympics:

Theresa Robinson (Transportation and General Services)  
 Steve Tollison, Duane Proell, Scott Ellison (Sports Facilities)  
 Scott Elton (University Relations)  
 Jack Johnson (Summer School)

Kirk Campbell, Virginia Provencher (Physical Plant)  
Larry Anderson (Physical Planning)  
Greg Brown (Attorney's Office)  
Wally Caryl (Emergency Preparedness)  
Tom McCue (Food Services)  
Bruce Troupe (University Police)  
Peter Hackett, June Anderson, Connie Thompson, Harriett Brunelle  
(Housing)

In two consecutive years, the University of Minnesota has hosted Olympic events, each larger than any events that had been held before on the Twin Cities campus. Both events presented mind-boggling complications that were more than met by our people; they were met with the highest qualities of "Minnesota nice."

Mr. Lawrence said of Core Committee members and their staffs -- and as I would second, adding Mr. Lawrence -- "...the University is fortunate, indeed, to have such dedicated professionals in its employ."

President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
October 11, 1991

Mr. Chairman, Ladies and Gentlemen of the Board, on Tuesday, October 8, we co-hosted an important luncheon at Eastcliff for Minnesota college and university presidents and chancellors. The topic was "Bigotry on Campus," and our co-sponsors were the American Jewish Committee and the B'nai B'rith Hillel Foundation.

Our speaker was Kenneth R. Stern, program specialist on anti-Semitism and extremism for the American Jewish Committee, and author of "Bigotry on Campus: A Planned Response." This remarkable paper, less than 30 pages in length, addresses the full, disturbing range of bigotry that has been experienced -- and must be fought -- on college and university campuses. It's the centerpiece of a national effort to challenge higher education leaders. As evidenced in the controversies going on right now, right here on our campus, as well as around the country and around the world, it could not be more timely.

Only one day later, Wednesday, several hundred members of the University community held an anti-bigotry rally on Northrop Plaza. The problems cited, and the range of solutions suggested -- or demanded -- illustrate very well the depth of fear, anger, and frustration. And, they illustrate the challenge to one university community -- one of many -- to find its own ways to deal locally with a set of interrelated social issues that will almost surely dominate the global agenda of the 1990s.

Combatting bigotry is so important that I will limit this morning's comments to these issues.

Embroided, as most of us have been, in the planning and budgeting processes, we have to step back for a moment, putting ourselves in the shoes of those for whom bigotry is a matter of personal fear.

Consider, for instance, someone new to the Twin Cities campus -- new to the whole issue of bigotry on campus, with no history of what's happened over the last several years, no understanding of policies and programs, no sense of real perspective from which to judge the graffiti, the posters, the opinion pieces in the paper, and the chants and counter-chants. Confronted with an ugly mix of blatant bigotry and a very loud and public controversy, how is the new student, the new employee, or the new visitor to know the extent of the problems or how broadly the expressions of bigotry represent the University community?



In one sense, all of this turmoil can be interpreted, "welcome to a vibrant academic community where all these troubling issues are being sorted out." It doesn't work that way for those who have reason to fear bigotry. For them, it's a welcome to a campus that is obviously not a sanctuary from the so-called "real world," a campus where diversity is a fact, a goal, and an issue, and where unity is not always apparent. For them, it's confusing and threatening.

Consider, also, those who are not new to our community, those who do have at least some of the history, enough to know that the new episodes are more manifestations of old problems that haven't been solved. These continuing members of the University community include both targets of bigotry and the people who have devoted years -- even careers -- to the efforts to combat bigotry. What they share is frustration.

What we, as an institution, must provide is continued attention to an action agenda that takes steps toward the fullest possible support and respect for individual rights, dignity, and differences -- that takes steps that make a difference.

Less than two years ago, "local and global" and "unity and diversity" were central themes in my inaugural speech.

### **Local and global...**

*In meeting the challenges before us, our university community cannot be isolated. Locally, nationally, globally, the "restructuring" we face takes many forms. It involves political, economic, and social change. New opportunities for political participation; new economic opportunities -- and a new economic competitiveness; new challenges of social integration. All of these changes are global in their impact. Never has John Donne's famous line "No man is an island entire of itself" had more applicability. No man or woman or child, or state, or nation is "an island entire of itself" today. Our tradition gives us deep local roots. The "why we do what we do" still has a local manifestation, "for the people of Minnesota." But, this statement of our local responsibility is now, by necessity, being changed to "for the people of this nation, and this world." This is not because our local responsibilities have lessened, but because they have become indistinguishable from our global responsibilities. The "what," what the university must do, is influenced by an agenda beyond local control. If we do not place our activities in this global context, we will not serve the state well.*

### **Unity and diversity...**

*As our state and nation become more interdependent with the rest of the world, we face the problem of preserving unity, a special identity, while recognizing diversity. How can we preserve a society that is unified in its basic ideals and purposes, while recognizing that our society is made up of*

*many races, nationalities, and cultures, all of which have contributed, and are contributing, to the rich tapestry that we call the United States? As an educational institution, we have a fundamental responsibility in this regard. Just as universities themselves seek to maintain a common core of learning, surrounded by the specialized disciplines, new generations need to learn the common core of democratic values that are derived from the Western cultural tradition, but within the larger context of the many other cultures and the men and women representing those traditions. Just as universities use their diversity -- applying diverse disciplines to a particular problem -- so must our faculty, staff, and students engage diverse cultural backgrounds in building a better society.*

To many of the people who rallied on Northrop Plaza Wednesday, I'm sure these were presidential statements of ancient history. In the fall of 1989, I was under no illusion that such statements from a new president would make the problems go away. I was trying to share a vision, to set a tone, to sketch some ideals worth pursuing. I meant those words then. I've tried to follow through with actions since then. I shall continue to do so.

Events within the University community over the last two years have reminded us again and again that problems of bigotry remain -- and that both reactive and proactive efforts have not produced solutions. In February, 1990, the spark was a controversial speaker on campus. That led to my own statement on "Academic Freedom and Responsibility," published in the Daily, and an affirmation statement by the Faculty Consultative Committee. Again, and appropriately, these involved important principles, but they also served to clarify our institutional policies on the protection of freedom of speech and our personal rights and responsibilities to speak out as individual students and educators. My statement also addressed the action agenda we were undertaking at that time, an agenda that has continued to develop since then -- and continues to develop now.

A few months later, last fall, the University community was confronted by -- and confronted -- a series of bigoted, racist acts against African-American students. The actions that followed, support for the victims, a wide variety of awareness-raising and educational efforts, staff training, and eventually the "Students Time Out" convocation in January, 1991, and the "Diversity Forum" in May continued to reflect and contribute to the University's action agenda.

Over the past several months, our efforts have been greatly assisted by the work of Dr. Josie Johnson, Senior Fellow in Educational Policy and Administration. She organized the broadly based "Diversity Forum," and has prepared an excellent summary of the "Forum" which has been widely distributed within the University community to stimulate discussion and help raise awareness. Other initiatives, including work with constituencies outside the University, are being pursued by Dr. Johnson.

More recently, and thanks to our Office of the Associate Provost and Associate Vice President for Academic Affairs, we have seen the appearance of a very well done **"Guide to Services, Programs and Resources for Students and Faculty of Color,"** which provides an extraordinarily comprehensive directory and explanation of programs throughout the University system and how to contact them.

Our action agenda has been active, but many of the specific activities are decentralized, planned and carried out all over the University's campuses -- as they must be. Institutionally -- centrally -- the challenge is to provide the leadership: the policies and their enforcement; the goal-setting and the monitoring of progress; and the budgeting and other actions that support and facilitate our internal and inter-institutional initiatives.

The efforts span Academic and Student Affairs. The efforts to recruit University faculty, staff, and students have been funded. A flow of recommendations from the "Task Force on Excellence through Diversity" has been, and is being acted upon by Vice Presidents Infante and Hughes. Student Affairs and External Relations have initiated a small grants program, funding 23 community-building projects. New endowments for Indian Studies represent a recent addition to our continuing commitment to teach about as well as to the members of our minority communities. Another example, going on this evening in Willey Hall, is the Two Rivers Native Film and Video Festival. It's a project of the Minneapolis American Indian Center, working with our Minnesota Union, whose year-long program theme is "Community Through Diversity."

It is heartening that the University of Minnesota Alumni Association has placed diversity on its agenda as well, highlighted by August Wilson's inspiring speech at last spring's alumni banquet, and reinforced by its prominent place on the agenda at the recent meeting of the National Board of the MAA.

The record of this agenda is one that I find positive and encouraging, while clearly not enough, clearly not even near completion, clearly open to the question, "...but what have you done lately?"

Bigotry is a set of problems with such emotional force that "whatever we've done lately" cannot be enough. It takes no crystal ball to predict that university presidents decades in the future will not have done enough -- lately.

We need only to broaden our perspective from local to global to appreciate the limits of governance and administration in dealing with bigotry, intolerance, and all the "-isms." When I spoke on the "local and global" theme at the inauguration, I had only a hunch -- but nothing approaching a full appreciation -- for the scope and rate of global change that would emerge in two short years. I thought "perestroika" was a

concept whose time had come -- locally and globally -- but I had no idea how powerful it would become.

We are witnessing social change in the Soviet Union that few could have imagined. The whole idea of the nuclear holocaust is losing some of its threat, while political restructuring is simultaneously revealing the old and reawakening threats of religious, ethnic, and nationalistic holocausts. What we have "discovered," and should have known better all along, is that age-old bigotries were never solved by the Soviet Union's central controls; they were merely suppressed. Remove the central control, and they crawl back out, ugly as ever -- perhaps even more violent for having been suppressed by force, rather than dealt with as human intolerance.

The Soviet Union offers only one set of examples among a disheartening array of many. What all of them tell us, is that "unity with diversity" cannot be imposed. Unity with diversity in the University of Minnesota will only be achieved by continuous and concerted action by the entire University community, aided by policies and regulations -- and occasionally by presidential statements, including collective expressions of concern and determination such as the "Minnesota Manifesto," co-signed by college and university presidents from across the state.

Most important, our efforts must take full advantage of the power and resources of the University as an academic community. We've always known that we're not born with mutual respect for dignity and diversity. Events of the last two years have revealed more clearly than ever that such respect can't be imposed. Respect, tolerance, civility, openness to new ideas -- all of these are learned, and that's our business. All of these have not been learned well enough, as illustrated by the open controversies within our own community, but the controversies are open, free expression is protected, and the community is speaking out against bigotry in constructive and even unifying ways. I find that encouraging.

#### **Appendix: President's Introduction to the 1992-93 Budget Plan**

# UNIVERSITY OF MINNESOTA

**Budget Presentation**  
**Thursday, October 10, 1991**  
**Nils Hasselmo, President**

## Introduction

Mr. Chairman, Ladies and Gentlemen of the Board, I will turn to Senior Vice Presidents Erickson and Infante for the presentation of the University's budget plan, but I want to introduce this presentation by putting it all in context -- the context of University plans and actions, the context of fiscal and political realities faced by the state and its University, and the context of policies and principles that continue to govern our efforts to plan and act responsibly within those fiscal and political realities.

In a word, what I must try to provide this morning is perspective. The contexts I just mentioned

- our plans and actions;
- fiscal and political realities, and
- the policies and principles of responsible decision making

are all longer-term than annual or biennial budget documents.

Only a few months ago, you reviewed and approved the Restructuring and Reallocation plan. We now present you with the "1992-93 Budget Plan." This is both a long-range plan and a package of immediate-impact program and personnel decision that would take effect this year. Like the Restructuring and Reallocation plan, the budget plan that we are presenting today proposes a wide-ranging set of immediate or imminent choices that will be touch and controversial. The people and programs adversely affected will quite properly demand attention; those who are affected more positively will be a good deal less demanding.

In the face of immediate controversy, maintaining perspective is all the more difficult -- and all the more important.

Most of the choices we propose today have their roots in the University's self-evaluation and planning activities in the late 1970s and the 1980s. It is now clear that the University of Minnesota's long-planned intentions for institutional change have evolved into realities of institutional change -- and the timetable is accelerating.

The University's quality improvement goals were both reaffirmed in principle and reinforced in actions last March, when you approved our five-year, \$58 million Restructuring and Reallocation plan. Last year was also one when budget allocations and program improvements at the delivery

level of teaching, research, and public service/ outreach produced real and positive results.

In teaching, we continued to award over 10,000 degrees a year. Even those students completing their degrees last year had begun to experience substantial improvements in areas of our most legendary problems. Their waiting lines were dramatically shorter, many of the transaction processes for dealing with "the system" were modernized, more efficient, and even more friendly. Most had benefitted from at least some upgraded instructional equipment, classrooms, and laboratories. Those who arrived recently may not have been fully aware of the changes, but their class sections were smaller, they found fewer sections closed by the time they registered, and their teaching assistants were better trained.

In short, if they measured their own University experience against the self-study and planning documents that started this exercise in institutional change, they would find that the institution had changed, quite systematically fixing things that we knew were broken back then -- things that we said we were going to fix.

The next generation of students -- those enrolled now -- will see a continuation and acceleration of these same improvements. Their classes will continue to get smaller, more sections of high-demand courses have been added, the large sections that remain -- fewer and smaller every year -- have been improved, more advisors are available, inter-college advising has been reorganized, curriculum improvements have been -- or are being -- put in place.

And, this is a generation of students who have, themselves, changed; they are better prepared for college work -- as we have defined better preparation. Three-fourths of this year's freshmen have met all of the high school preparation requirements that we defined. Of those who have not, most lack only one course. The retention from the critical freshman year to the sophomore year has improved. We have seen some improvement in the percentage of students of color.

In research, last year marked continued growth. Public and private agencies who invest in research continue to view University of Minnesota faculty and staff as people who can deliver. I believe it's particularly important to add that the University of Minnesota is increasingly seen as an institution with a broad view of talent -- a view that goes well beyond the traditional disciplinary lines, searching out not only interdisciplinary academic talent, but also reaching out into the private sector and actively involving practitioners.

Those talent resources have been -- and are being -- reinforced with investments in the technical infrastructure (such as telecommunications) and in major research equipment (such as supercomputers, magnetic

resonance imaging, and state-of-the-art, vibration-free and clean-room laboratories).

Last year was one of the best years ever for research at the University of Minnesota, as measured by peer approval, major publications, grants and contracts awarded, research expenditures, invention disclosures, patents, or licenses. Yes, the faculty's good work and the University's research and technology transfer initiatives produced a good year last year, and we have every reason to be confident about this year.

These improvements did not just happen. They were planned. They were decided upon!

In service, the most difficult part of our mission to measure because it is, by definition, so varied and diffuse, the numbers of constituents served could fill more space than I have. The most important comment I can make is that those units most directly responsible for public service and outreach activities have continued to perform one of the important functions of a land-grant university -- listening, both to the needs of the state we serve and to the teachers, researchers, scholars, and artists who have the resources to address those needs. That's the key to responsive University service that makes the best use of University talents.

In my view, the essence of accountability is measuring and reporting the progress made in activities specified in our mission -- teaching, research, and public service -- the activities for which we are most directly responsible, the work that our faculty and staff members perform. We have a strong case to make to Minnesotans that we are holding up our side of the bargain, making the improvements that we said we'd make -- that we've planned to make, and that is the longer-range context of University plans and actions.

What has happened to the University's state funding in the meantime? It has declined to 28 percent (or 25 percent if only operations and maintenance budgets are considered).

The context of fiscal and political realities now puts our plans and actions to the most severe tests. On top of the self-imposed five-year, \$58 million Restructuring and Reallocation plan of last March, we are now faced with

- an appropriation cut of \$27 million for 1991-93,
- and a biennial loss of purchasing power (to faculty and staff as individuals, as well as to University departments) of \$44 million, because the 1991 appropriation bill provided no adjustments for inflation in supplies and salaries,

The Governor's veto of another \$23 million for next year, is not considered in this budget plan. We intend to seek full restoration of those cuts in the 1992 legislature.

And, as if all these weren't trouble enough, we have

- a deferred maintenance problem that grows by \$20 million every year -- we have \$10 million a year to deal with needs that grow by \$30 million every year.

In the face of all these fiscal realities, the budget plan we are presenting this week is an extraordinarily important document. It stays on course toward the quality improvement goals that have evolved in several years of Board-approved institutional plans and special initiatives. It is based on the Principles for Reallocation: Quality, Centrality, Comparative Advantage, Demand, and Efficiency and Effectiveness. The choices we have proposed are grounded in the **Budget Principles for 1991-92** that we laid out in July:

- The Restructuring and Reallocation plan approved by the Board of Regents in March will drive the 1991-92 -- and future -- budgets.
- Quality improvement efforts will continue, even though the base budget has been reduced by the State.
- Budget reductions will be accomplished by programmatic reductions, not across-the-board cuts.
- Permanent budget reductions will be governed by the previously stated criteria: *quality / centrality / demand / comparative advantage / efficiency*.
- Reserves and temporary savings will be used to phase in the necessary permanent cuts.
- The budget will balance program cuts and other forms of budget reductions with tuition increases to ensure quality education.
- Financial aid will be utilized to assure economic access to the University.
- The budget will demonstrate accountability to the citizens of Minnesota and the University community.
- The primary value of the human resource will be considered in the development of the budget.
- Funding source will not determine level of compensation.



And because we believe that the pursuit of the University's quality improvement goals within limited resources imposes special responsibilities to make our own choices, this budget plan provides faculty and staff salary increases and inflation adjustments in supply budgets in the second year of the biennium, while also addressing the deferred maintenance problem more aggressively.

This is a plan that won't be carried out without pain.

- Students and constituents will pay higher tuition and program fees.
- Programs and services will be curtailed or closed.
- Approximately 600-700 staff and faculty positions will be eliminated through early retirement, unfilled vacancies, and lay-offs.

On the latter, I must make it clear that we do not know the full impact or nature of position eliminations at this time. In some instances, we will not know these until next spring, since those responsible for program budgets must be given the flexibility to make full use of attrition before making final decisions on lay-offs. One thing we do know, however, is that we will honor all contractual obligations to faculty, staff, and students.

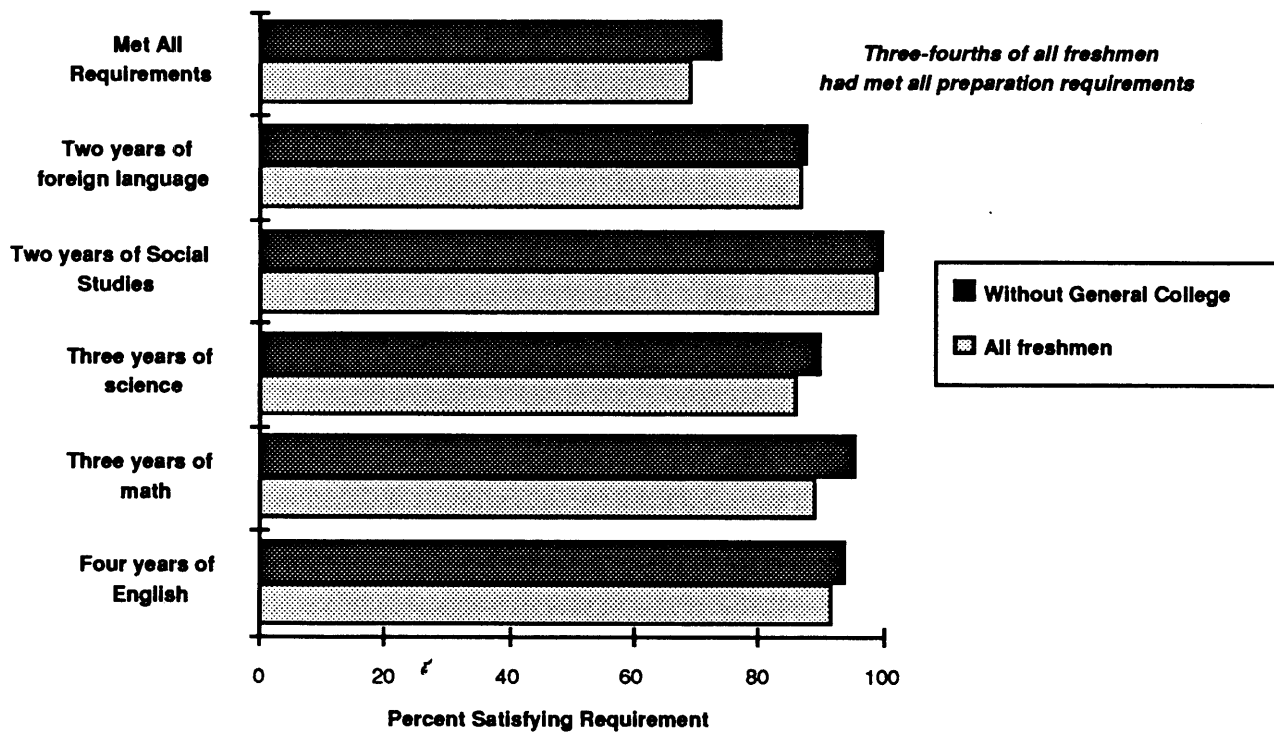
Without doubt, the next several weeks will involve no shortage of controversy. If there ever were easy decisions on budget cuts and reallocations, they were made years ago. We're now well into the period where we have to curtail or eliminate programs that would not have survived till now if they didn't have value. Those tough decisions can only be weighed against the value of continuing to chart our own future and taking such actions as we can to improve our future.

I believe we -- this Board, this administration, this faculty and staff, and these students -- are fulfilling our responsibilities; we're putting quality first, and we're making the hard decisions, the tough choices that are demanded if we are to "improve quality within limited resources." A very important question now has to be put more forcefully than ever before the Governor, the Legislature, and the citizens of Minnesota: Is Minnesota going to have a truly outstanding, nationally and internationally competitive land-grant and research university or not? Surely the answer must be a resounding 'yes.' How can we even envision a future for the state without such a leading university?

Since that is so, the budget cutting cannot continue! The state must invest in the University of Minnesota if this University is to maintain its leadership position. As we continue to make our difficult decisions, this message has to be conveyed throughout this state in no uncertain terms.

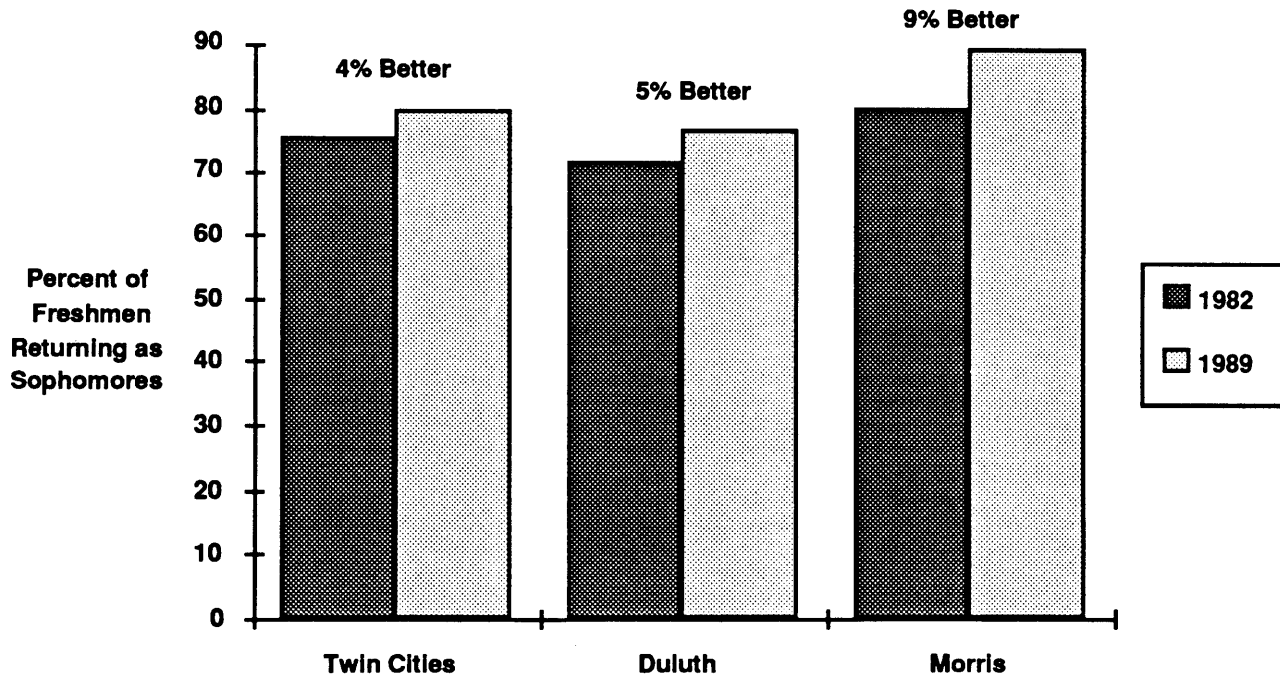
*1992-93 Budget*

## Admitted 1991 Freshman Satisfaction of Preparation Requirements



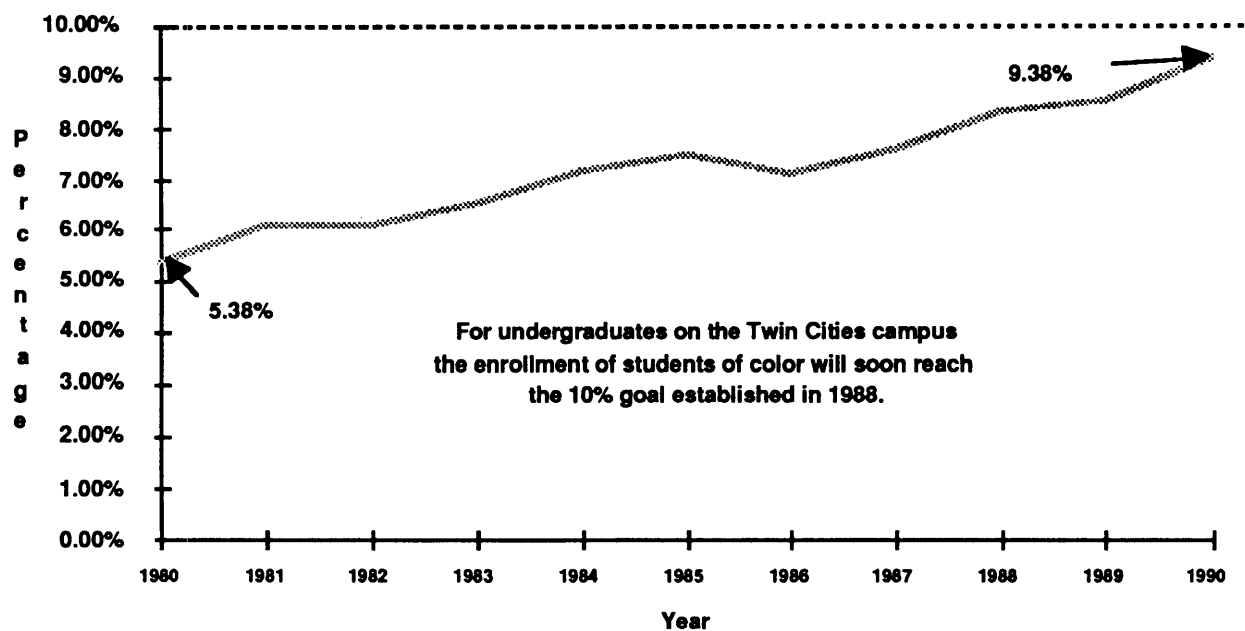
*1992-93 Budget*

## Improvement in Freshman-Sophomore Retention: 1982 compared with 1989



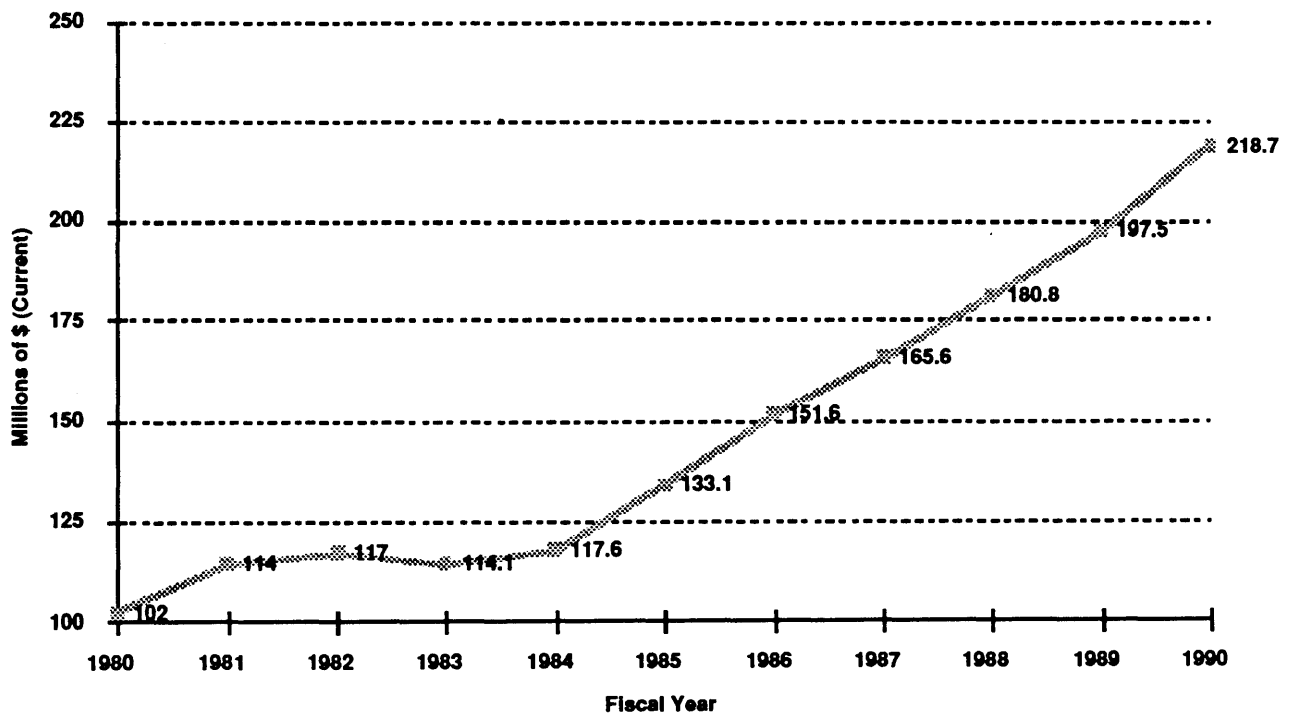
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## Undergraduate Students of Color as a Percentage of all Twin Cities Undergraduates

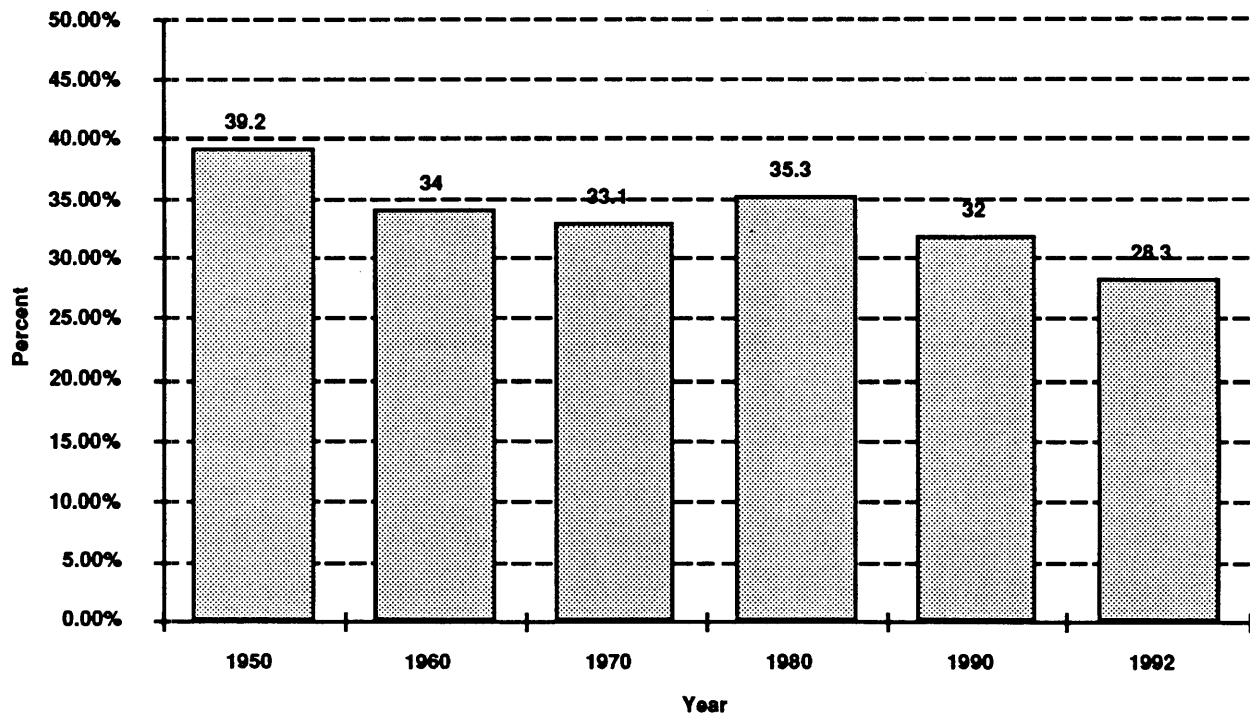


*1992-93 Budget*

## Sponsored Programs Expenditures



**Net State Appropriation as a  
Percentage of Total University  
Current Revenues**



**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
November 8, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, the dominant subject for this month must be the 1992-93 Budget Plan, and my introductory remarks from yesterday's discussion are appended to this written report.

You will recall that I have stressed perspective in my remarks on the Budget Plan proposals, both this month and last. Today, it's a genuine pleasure to introduce another important matter of perspective. When state budget cuts and the Restructuring and Reallocation Plan are such dominant topics, it's also a good time to remind ourselves and others of the historic successes of the 1985-1988 *Minnesota Campaign*, a true public-private partnership involving:

- the Governor and the Legislature;
- the University community -- all campuses and their alumni organizations -- as both fund-raisers and donors;
- the University of Minnesota Foundation;
- the Minnesota Medical Foundation;
- the 4 H Foundation;
- the Minnesota Landscape Arboretum Foundation;
- and an incredibly effective organization of volunteers and donors.

This isn't a retreat to a good news item from the good old days, but to refresh memories, the University set out in 1985 to raise \$300 million, hoping to endow 100 new chairs and professorships. At that time, that goal was one of the most ambitious ever set for a public university. Three years later, the result was one of the best ever achieved for a public university, with \$365 million raised and 127 new chairs and professorships endowed.

That kind of "scorecard" news is old news, indeed, but one part of the new news, the "what have you done lately," is that fund-raising kept right on going when the three-year campaign ended. Now, as of August, 1991, we have raised the money for another 79 new chairs and professorships, bringing the total up to 244 -- and that's still growing!

The *Minnesota Campaign Progress Report* that we are releasing today is a stewardship report and an expression of appreciation. When the 1985 Legislature authorized the University to commit the Permanent University Fund as the matching incentive to attract private endowments for chairs and professorships -- certainly the most powerful single action to make the *Campaign* a success -- the PUF balance stood at \$65 million. Six years later, good investment strategy and good timing have produced a balance of more than \$100 million. That stewardship has enabled the continuing growth of a key, long-proven quality improvement strategy -- greater growth than either the University or the 1985 legislators could have anticipated.

The most meaningful way to say "thank you" to the legislators and private donors whose partnership contributions produced the *Campaign's* historic success is to produce results -- return on their investments. Those results will come in two stages. The first is simply the quality of faculty members retained and recruited, and I must emphasize that both retention and recruitment are vital. Retention keeps quality faculty who are already here; recruitment builds on that foundation. This report offers a roster that is not yet complete, but it is clearly a roster of considerable talent.

The second stage of results -- by any analysis, the most important -- is the high-quality teaching, research, and public service work that these talented faculty members perform. While most of these results are in our future, this report offers an encouraging glimpse into that future, through brief stories about eleven exemplary scholars. To read these sketches is to understand what the *Minnesota Campaign* is all about.

### • Visit to Cloquet, Duluth, Fond du Lac, and UMD •

On October 30, I had the opportunity to meet with -- and be very much inspired by -- about 240 students from the Fond du Lac Ojibwe School, ranging from pre-kindergarten through twelfth grade. I was accompanied by Mr. Reid Raymond, Chair of the Twin Cities American Indian Advisory Committee, Ms. Donna Peterson, Director of State Relations, Ms. Kathy O'Brien, Assistant to the President, Ms. Barbara Muesing, Executive Director and Corporate Secretary of the Board of Regents, and Mr. Edward J. Schoenborn, Student Personnel Officer in the American Indian Learning Resource Center at UMD.

Our hosts at the Fond du Lac Reservation were Dr. Thomas D. Peacock, Superintendent of the Fond du Lac Education Division, Mr. Lester Jack Briggs, Director of Fond du Lac Community College, Mr. Mike Rabideaux, Principal of the Fond du Lac Ojibwe School, and Ms. Mary Ann Blacketter, Director of the Head Start Program at Fond du Lac. Through their efforts, I toured the schools, I had the fun of singing songs and learning some Ojibwe words from children, and I had the honor of dining with Fond du Lac Reservation elders.



With the help of Regent Reagan and Chancellor Ianni, the very full schedule of activities at Fond du Lac were managed in between a breakfast speech to the Duluth Area Chamber of Commerce and a set of afternoon events that included a meeting with the Editorial Board of the Duluth News-Tribune and an open forum and reception on campus with UMD faculty, staff, and students.

• Personnel •

It is my pleasure to recommend the appointment of Dr. Sandra R. Edwardson as the Dean of the School of Nursing, effective November 16, 1991. This recommendation is the culmination of an extensive national search chaired by Dean Gilbert Banker. The search attracted several outstanding candidates from the academic nursing community. Dr. Robert E. Anderson, the Health Sciences Vice President-designate, participated in the final candidates' interview process, and we are in agreement that Dr. Edwardson has the requisite experience and vision to provide leadership for the School.

Dr. Edwardson has been on the University's faculty since 1976. Administratively, her assignments have included the post of interim assistant dean for graduate studies and, most recently, the role as Interim Dean for the School, which she has filled since Dean Fahy stepped down last year. Dr. Edwardson's educational achievements include a bachelor's degree in nursing from St. Olaf College, a master's degree in nursing from the University of Washington, and a doctorate in hospital and health care administration from the University of Minnesota.

Dr. Edwardson has demonstrated her commitment to the School and has earned the respect of her colleagues in the School, throughout the University, and particularly within the greater Minnesota nursing community, where she is held in high regard. She is recognized nationally and internationally as an undisputed intellectual leader in the area of health and nursing services research, focusing on nursing productivity, measurement of service effectiveness, and health care outcomes. I am convinced that Dr. Edwardson will do an outstanding job as Dean of the University's School of Nursing.

• University of Iowa •

The tragic violence on the campus of the University of Iowa has been another reminder that university communities are not immune from sudden violence and the personal or social problems that may provoke it. I have expressed condolences to President Rawlings on behalf of the University of Minnesota community.

## **Appendix    Budget Discussion - Introduction, November 7, 1991**

### **UNIVERSITY OF MINNESOTA**

**Budget Discussion  
Thursday, November 7, 1991  
Nils Hasselmo, President**

#### **Introduction**

Mr. Chairman, members of the Board, for the detailed presentations, I will rely on the two senior vice presidents, Vice President Infante and Vice President Erickson, but I would like again, even at the risk of repetition, to go through some of the basics that we have before us. I think it was very appropriate to show this videotape of the University because, in kaleidoscopic form, it captures a good deal of what this University is, and it's very important that we keep before us the vision of this highly productive institution, as we go about the grubby stuff of balancing a budget. I would like to provide context and perspective, and as I say, I will be quite repetitious, but I have found that it's only by the continuous dripping that the stone will be hollowed, and we **do** have a communication task *vis a vis* the citizens of the state of Minnesota. We've got to keep dripping and dripping and dripping so we can hollow the stone.

The process we have followed is based on general instructions of central administrators to the various units in the University, where there has been very broad participation in setting up the essential planning framework for the positions or proposals that are coming forward. The consultation on specific proposals is still going on, and I stress that we have before us a budget plan with proposals. Over the next several weeks, we will continue the consultation, and before you make your decisions on this budget plan in December, we will probably have made some further modifications on the basis of that continuing consultation.

The foundation for this budget plan is still a restructuring and reallocation effort, and that the title of that effort is "Improving Quality in a Time of Limited Resources." We are not just cutting budgets, we are going about quality improvement in this institution. How are we doing that? We are doing it in at least four major ways.

- By identifying our most fundamental contributions to the people of Minnesota, and some of those contributions were highlighted in the video. That is what we are about.
- By identifying our most fundamental academic priorities, because our business is academic business.

- By identifying the problems and obstacles that might undermine our ability to serve the people. We do have flaws, we do have inefficiencies. We try to identify them, and we are trying to tackle them and systematically make improvements.
- And by taking upon ourselves the responsibility to bring about needed changes. That is, to try to exercise leadership. I want to stress again the fact that we are taking it upon ourselves the responsibility to do that. We are not asking outside forces to tell us what should be done, and we are doing it ourselves.

I would like to recapitulate very briefly what this restructuring and reallocation plan is, because what you did in March is fundamental to what we are doing. You will recall that we have a \$58 million plan. And I would characterize that as \$58 million worth of self-discipline. This is going about our business in the best way we know how. I think is the largest reallocation in the history of this institution. It is the largest one that I can see as I scan the horizon of higher education in this country. What is it? It is not just \$58 millions that are being shifted. It is the undergraduate initiative; it is the research initiative and technology transfer initiative; it is quality improvement in graduate and professional education; it is outreach; it is our work with K-12; and it is our work on diversity. This is our important agenda. This is what is behind those \$58 million.

The higher education system heads appeared before the Governor's Blue Ribbon Commission a few days ago. This is the commission on post-secondary education, which will report by January 1. There was a question raised in that meeting, "Why aren't you system heads doing what needs to be done for higher education?" In all modesty, I can only say that the University of Minnesota is going about the business of higher education in Minnesota, exercising leadership by example, and doing that within a broader context of higher education. There has to be an overall concept of what that higher education system should be, but I think we are doing our part.

For a reminder of the current fiscal situation, we have before us the loss of about \$26 million from reductions in our appropriation for this biennium. We have no provision for cost-of-living increases for employees or for expenses. And then we have, looming large, the additional loss of \$23 million from line item vetoes. This comes in a context of continuous reductions in the proportion of our budget that comes from the State of Minnesota. We are getting more and more heavily leveraged. It is important that we do leverage our tax investment, but we have to have a tax investment to leverage in the first place.

Here are some fundamental assumptions that I would like to emphasize. The restoration of the \$23 million cut through vetoes is an absolutely essential step. This budget plan does not accommodate those \$23 million. We are also going to request from the legislature some help in

providing salary increases for next year, and that's the way to buy down the tuition increases that we are putting before you. We are going to continue and accelerate our reallocation plan. We are not abandoning the \$58 million plan. We are accelerating that essential reinvestment of our resources, and we are going to provide a 5% pool for salary increases and for other inflationary increases next year. Those are fundamental underlying assumptions.

We are confronted with a series of trade-offs. We have the source of funding that is called tuition; how much can we provide out of tuition? We have the inflationary costs: how much of the inflationary costs must be covered? Especially, how much must we pay faculty and staff in order to retain that most important of all of our resources. And finally, how much program curtailment can we do? We have no other means of balancing our budget, and our task is to make sure that we do balance these trade-offs in appropriate ways.

I like to give you a very quick overview of our budget plan. As you will recall, we are dealing with \$47 million in this budget plan -- on top of the \$58 million reallocation plan adopted last March. We must identify \$47 million to cover the cut in the budget and to cover inflationary increases. How are we proposing to do that? \$15 million would come from a proposed 9% tuition increase. Tuition rates have not been set yet. They will not be set until the spring. But, we propose to create a pool that would amount to a 9% average increase in tuition, generating about \$15 million.

That leaves \$32 million to be provided:

- by about \$23 million in programmatic reductions;
- by other non-tuition revenue sources, generating a little over \$3 million;
- and finally by some targeted tuition and enrollment increases, which will generate about \$5 million dollars.

That is the plan that contains our best judgment as to the balance among tuition increases, inflationary increases, and program cuts.

The question that has come up very often is, "Are you doing it across the board?" We have asked each vice presidential area to look to a 3% cut in order to put funds into the salary pool, into the inflationary increases that are needed. Let me stress that we are not taking those dollars out of the colleges and campuses. They stay in the colleges -- on the campuses -- for salary increases.

The answer to the question about across the board cuts is found in the table that lists each of the campuses, each of the colleges, and shows the percentage increase, or decrease, in the budget that those campuses and colleges will receive. We also show those numbers with adjustment for inflation. Adjusted for inflation, very few of the colleges and campuses are

getting a net increase; most of them are getting a net decrease because of the bite of inflation. That table incorporates the installments of the reallocation plan for this biennium, the tuition increases that have been proposed -- both the 9% general increase and the targeted increases -- and it includes the programmatic adjustments that have been proposed.

I must stress that what you have before you is a budget plan, not a budget. The budget will not be presented to you until next spring, because we cannot make the final budget until we know what the legislature is going to do with the vetoed \$23 million, until we know whether the legislature can or cannot buy down tuition by giving us some funding for salary increases, and until we know fully the implications of some of the programmatic changes that are now being proposed. The budget plan has a good deal of specificity to it, but let me stress that there are proposals that probably will be changed by December. We are still going through consultation. We still are going through evaluation of alternatives.

Let me give you just one example -- one that has received a certain amount of attention -- Occupational Therapy. This is a difficult test, and I think the severity of the situation that we face is well represented by the fact that something as important as the Occupational Therapy program has had to be put on the line as a possible budget cut. When we apply our criteria, this is a quality program, it's a program in demand, it's a program where we have comparative advantage. It's only on the centrality argument that it probably doesn't stack up very well with others, because it doesn't feed into or support anything else in the University. Dean Brown and Vice President Perlmutter are working to try to find another solution by December.

Finally, I'm trying desperately to be upbeat in these times, and I would like to share with you some graphs that I used in my State of the University speech. I do this again in the spirit of the drops that have to hollow the stone. There are some positive trends. There are some signs that the investment we are making in the undergraduate initiative are paying off.

First of all, when it comes to our expectations of our students, the preparation requirements have had a good effect. Three-fourths of our incoming freshmen this fall have fulfilled all the requirements in English, in math, in science, in social studies, and in foreign languages. And, subject by subject, most of those measures are now up in the 90s. That's improvement.

Secondly, we have seen some improvement in the retention rates from the freshman to sophomore year: on the Twin Cities...a 4% improvement; in Duluth...a 5% improvement; in Morris...a 9% improvement. And we expect that that is simply something that is working its way through the system. It's going to mean better graduation rates, one of the central concerns in establishing the undergraduate initiative. And

when you hear questions about graduation rates we'll come right back and say "Yes, we're doing something about it. They are improving. There are improvements working their way through the system."

There are some encouraging signs for our diversity agenda. On the Twin Cities campus, about 10% of our students now are students of color, but the fact that the improvement is almost entirely in Asian American students -- not in all of the minority groups -- is a sobering thought that proves we still have a long way to go. This is one of our investments. This is one of the investments that we have to continue to make.

Research activities have gone up and up, not because the federal government has invested more in research, but because our faculty is very highly productive. Research activities have gone up because we have been able to put some state funding into investments in research. Are we going to be able to sustain this curve or is it going to taper off? That is the question we have before us.

Finally, I would like to show you again this chart that looks like a chart of the Northern Hemisphere with all these star-filled constellations. They really are stars -- these are some of the leading corporations of the state, some of the leading corporations of this nation -- and they were founded by graduates of our Institute of Technology, some of them on the basis of inventions coming out of the Institute of Technology. These clusters include the biomedical industry, the computing industry, and other essential industries in the state of Minnesota. This is what the University of Minnesota has helped create. This is what the University of Minnesota has to continue to help create as we move forward. This is what the budget plan is all about. And that is why I wanted to share this with you as we go about the grubby stuff of balancing this budget.

With that I would like to turn to my senior vice presidential colleagues for some presentation of the details.

Attached:

"5-Year Reallocation and Restructuring Plan: External Reallocations"

"FY91-FY93 Budget Comparison"

### 5-Year Reallocation and Restructuring Plan: External Reallocations

Net Increases through Reallocation		Net Decreases through Reallocation	
College of Liberal Arts	4,500,000	Central Admin, services, operations	8,950,000
Institute of Technology	3,000,000	University of Minnesota, Waseca	6,430,000
University of Minnesota, Duluth	1,000,000	Health Sciences Units	600,000
University of Minnesota, Morris	500,000	General College	510,000
Carlson School of Management	400,000	College of Education	1,880,000
College of Pharmacy	250,000	Continuing Education & Extension	1,760,000
School of Public Health	500,000	Graduate School	210,000
MN Extension Service and AES	1,500,000	Colleges of Agriculture, Forestry, and Home Economics	370,000
University Libraries	1,000,000	University College	60,000
Biomedical Engineering	500,000	State Special Appropriations	140,000
College of Biological Sciences	200,000		
System-wide Initiatives	7,560,000		
<b>TOTAL</b>	<b>20,910,000</b>	<b>TOTAL</b>	<b>20,910,000</b>

<b>FY91 - FY93 Budget Comparison</b>	<b>Actual FY91 O&amp;M &amp; ST Special</b>	<b>Projected FY93 O&amp;M &amp; ST Special</b>	<b>\$ Increase 93-91</b>	<b>% Increase 93-91</b>	<b>Adjusted for Inflation (7.2%)</b>
Morris	12,170,000	13,870,000	1,700,000	14.0%	6.8%
Public Health	6,030,000	6,870,000	840,000	13.9%	6.7%
Law School	7,300,000	8,230,000	930,000	12.7%	5.5%
Liberal Arts	47,370,000	52,200,000	4,830,000	10.2%	3.0%
Humphrey Institute	1,540,000	1,690,000	150,000	9.7%	2.5%
Management	14,640,000	15,940,000	1,300,000	8.9%	1.7%
Pharmacy	4,190,000	4,470,000	280,000	6.7%	-0.5%
Duluth	45,370,000	48,400,000	3,030,000	6.7%	-0.5%
Institute of Technology	48,920,000	52,150,000	3,230,000	6.6%	-0.6%
Graduate School & Res TT Int	8,920,000	9,440,000	520,000	5.8%	-1.4%
Crookston	7,260,000	7,670,000	410,000	5.6%	-1.6%
UMD Medicine	4,330,000	4,550,000	220,000	5.1%	-2.1%
Veterinary Medicine	12,160,000	12,750,000	590,000	4.9%	-2.3%
Architecture & L'scape Arch	2,350,000	2,460,000	110,000	4.7%	-2.5%
Dentistry	11,900,000	12,370,000	470,000	3.9%	-3.3%
Biological Sciences	10,900,000	11,330,000	430,000	3.9%	-3.3%
Medical School	44,640,000	46,350,000	1,710,000	3.8%	-3.4%
Nursing	3,460,000	3,580,000	120,000	3.5%	-3.7%
Human Ecology	6,220,000	6,410,000	190,000	3.0%	-4.4%
Agriculture and Branch Stations	24,720,000	25,250,000	530,000	2.2%	-5.0%
Natural Resources	3,750,000	3,780,000	30,000	0.8%	-6.4%
Institute AFHE	8,770,000	8,830,000	60,000	0.7%	-6.5%
General College	5,140,000	5,140,000	0	0.0%	-7.2%
Education	15,480,000	15,230,000	(250,000)	-1.6%	-8.8%
Minnesota Extension Service	16,680,000	16,340,000	(340,000)	-2.0%	-9.2%
University College	610,000	560,000	(50,000)	-8.2%	-15.4%
CEE and Summer Session	37,560,000	41,590,000	4,030,000	10.7%	3.5%
Hospital	16,230,000	16,070,000	(160,000)	-1.0%	-6.2%
Support, Libraries, Computing	36,590,000	42,210,000	5,620,000	15.4%	8.2%
Fuel, Utilities, R&R	32,000,000	32,000,000	0	0.0%	-7.2%
Central Administration	112,550,000	104,950,000	(7,600,000)	-6.8%	-14.0%
<b>TOTAL</b>	<b>616,700,000</b>	<b>637,030,000</b>	<b>20,330,000</b>	<b>3.3%</b>	<b>-3.9%</b>



**President's Report  
to the  
Regents of the University of Minnesota  
Nils Hasselmo  
December 13, 1991**

Mr. Chairman, Ladies and Gentlemen of the Board, my written report includes the remarks I made yesterday to introduce the Biennial Budget Plan. This morning I'll skip to some related comments on the national scene in higher education.

**• Biennial Budget Plan •**

The Biennial Budget Plan -- I emphasize Plan -- that is before you this month for action is a plan for a balanced budget that addresses three critically important objectives and does so on the basis of academic priorities:

- responding to the \$ 27 million in base reductions that were mandated in the appropriation bill passed by the 1991 legislature;
- addressing the \$ 44 million losses of purchasing power -- losses that are *de facto* budget cuts -- for our employees as well as our programs, that stem from the lack of state appropriations to meet the effects of inflation; and
- staying on course and schedule with the Restructuring and Reallocation Plan that you approved in March, 1991.

This budget plan does not address another critically important matter, dealing with the additional \$ 23 million in program cuts from the Governor's line-item vetoes.

The 1992 legislative session will be an extremely important threshold for the University of Minnesota.

On our own, we have already exercised the discipline to make very difficult choices --

- choices that recognize and address our problems,
- choices that are directed to quality improvements that are in the State's best interests,
- choices that reflect the kind of higher education leadership that citizens ought to expect from their University.

To date, we have received strong messages of support for taking leadership, for knowing where we're going, and for taking the actions that we can take to get there.

We hoped for more concrete support in the 1991 session -- protection from further budget cuts while we reallocated 10% of our State budget base over three-to-five years -- and some adjustments for the very real effects of inflation.

Because of the State's fiscal problems, we were not successful. But, we have not allowed that setback to derail our priorities for quality improvement.

If State government cannot restore the \$ 23 million cut from State Specials, we face even more drastic curtailment of activities and a great many more personnel lay-offs -- at a time when our economy needs a shot in the arm.

The State faces the loss of critical research and public service activities that are performed by the vetoed "Specials."

The University and the State face the potential loss of even more than \$ 23 million of additional funds that are attracted here by the programs affected by the vetoes.

The 19 programs affected by the \$ 23 million in line-item vetoes generate more than \$ 43 million in annual external support from non-state sources.

I cannot say with certainty that every dollar of support from other, non-state sources would be eliminated if the State funds are eliminated next year. It is clear, though, that much of this external support comes to us because the State of Minnesota had the good judgment to invest in these programs.

Given the budget cutting and reallocating we're already doing, it's clear that we do not have the money in the Operations and Maintenance budget to replace the State support for the State Specials. Eliminating the State support will close down highly productive programs, and that's a terrible investment choice.

We are putting this question to the State: Do you want a University with the full span of activities that have been characteristic of this land-grant university for more than a century, or are you prepared to accept further downsizing -- and the loss of programs that have served the state very well?

Let's not be deceived by red herrings -- the University shouldn't spend money on this or that, a sign here, golf course repair there, or on a new Art Museum, etc. etc.

The herring is a wonderful fish. It has provided nourishment for hungry Scandinavians and other North Europeans for millenia. But, the red herring does not nourish debate. It simply stinks up the place.

On the red herrings I referred to:

-- The sign on the St. Paul campus is part of a plan -- as yet unfunded -- to save the Gibbs Schoolhouse, much cherished by the community, and to improve the gateway into the campus. And, we're talking \$15,000, not \$100,000.

-- The golf course repair is part of an effort to maintain an essentially self-supporting enterprise as a self-supporting enterprise -- and not to draw on tax dollars. There are no plans to move ahead at this time, and if we do, it will be funded through a private fund drive and increased golf course revenues.

-- The Art Museum is being built thanks to major private support that is specified for that very activity. It's a project that will greatly enhance the environment for students, faculty, staff, and the community, as evidenced dramatically by this week's news that the Frederick R. Weisman -- University of Minnesota Art Museum has been given an important collection by Red Wing artist Charles Biederman, founder of the 20th Century art movement called "Structuralism."

These are not examples of waste -- as they have been portrayed. These are examples of prudent and productive entrepreneurship and management. To be sure, we're not perfect, but we have taken major steps toward efficiency and streamlining, cutting more than \$13 million from central administration services and operations! Let's not get sidetracked by glib talk about bloated units, about bloated administration. Let's get to the issues that are essential to the future of the state -- economically, socially, culturally.

The real issues are:

- The quality of the education we provide -- undergraduate, graduate, professional, and how that education literally "enriches" the State as well as the lives of individuals; we must have in Minnesota undergraduate, graduate, and professional education second to none if we are going to be competitive and retain the standard of living for our citizens.

This requires investment! We've reinvested the University's existing resources in major ways in achieving new levels of quality education, not

least at the undergraduate level. Will the state continue to make the necessary investment? Or are we going to have to continue to curtail educational programs -- and really cutting into the quick of the University?

- The quality of the research and public service we provide -- and how that research, that public service literally "enriches" the Minnesota economy. If we are going to compete in the national and global economy -- and we have little choice -- we must have in Minnesota research, public service, and technology transfer resources that are second to none.

This requires investment! We've reinvested in the University's existing research and outreach resources. We have been very successful in leveraging the State investment, ranking 7th in the country in sponsored research, 4th in patents, 2nd among public universities in private fundraising.

The returns on that investment are dramatically illustrated in the recent study by the Minnesota High Technology Council. They studied nine University colleges: Institute of Technology, Medical School, UMD School of Medicine, School of Dentistry, School of Nursing, College of Veterinary Medicine, College of Pharmacy, College of Biological Sciences, and the UMD College of Science and Engineering.

In a nutshell, here's what they were able to conclude from the data on Fiscal Year 1990:

- The State's investment of \$ 142.5 million in these nine colleges, plus the additional \$ 235.9 million in federal, industry, and private support,
- supported 17,000 technology intensive jobs,
- produced \$ 131 million in State tax revenues,
- and added more than \$ 1 **billion** to Minnesota's Gross State Product.

**A six-fold return on the State's dollar is surely the kind of investment that the State should protect when tax dollars are in short supply. Shying away from this sensible an investment is simply shooting the State's economy in the foot!**

Protecting long range economic health is what the current Budget Plan is all about. This is what the Restructuring and Reallocation Plan is all about. The long range economic health of this state has always been served -- and will always be served -- by protecting and enhancing the quality of the University of Minnesota. In spite of the current fiscal and

political climate, this longer range view is more important to the State's agenda than ever before.

Before I leave this, I want to make one more comparison for the sake of perspective -- a favorite topic in the budget remarks I've made to you this fall. At the outset, I will acknowledge that many will see this as an "apples and oranges" comparison, but sometimes it takes a comparison like this to put things into new perspective.

According to the latest results from the 1990 census, the population of Minnesota was 4,375,099 people.

Our State tax appropriation for the fiscal year ending last June was \$453,715,000.

Our State appropriation, therefore, was **\$ 103.70 *per capita***.

Legalized gambling in Minnesota last year totalled **two billion, twenty-four million dollars**.

That's **\$ 463 *per capita***, most of it gambled against far greater odds than the consistently demonstrated returns on dollars invested in education, higher education, and especially the University of Minnesota.

For every dollar invested in the University's appropriation, that's \$4.46 "invested" in gambling -- and everything I've seen in the news lately suggests that it will go up substantially this year.

As the popular phrase goes, "kind'a makes ya' wonder, doesn't it?"

When I hear the frequent comments that the State -- and therefore the people -- cannot afford to invest more money in the University, this is the kind of "apples and oranges" comparison that makes me wonder about investing more in apples!

#### • NASULGC meeting •

Last month I attended the annual meeting of the National Association of State Universities and Land-Grant Colleges. As you know, Peter Magrath, is President-Designate of NASULGC, his term beginning January 1, 1992. It was a pleasure seeing Peter already gearing up for taking office, and we welcome his leadership and energy in his new and important role.

The Board of Regents was well represented by Regent Mary Page, who also attended as a member of the national Council on Agricultural Research, Extension, and Teaching.

For the University of Minnesota participants, the highlight of this year's annual meeting was the presentation of the "Ruby Award" to Pat Borich. This is the highest award given by the professional society associated with land-grant university extension programs.

A much less upbeat session dealt with the financial plight of our universities nationwide, featuring presentations from Virginia, New Jersey, and Oregon, among others. The message was clear; our state is by no means alone in the fiscal crisis arena.

The message spelled out an alarming threat to a singularly successful American enterprise: the American research university. By constant testimony from CEO's, students, scholars, scientists, and others -- from Japan, Europe, anywhere -- the research university is an area where we have been the world leader and remain -- still -- the world leader -- as many other American enterprises have lost their competitiveness.

The threat is not a local or state issue; it's national. Preserving the strength of our research universities in a knowledge-based global economy is clearly in the national interest. We are the best there is in the world, but the competition is increasing as our momentum is diminishing.

The University of Minnesota has been, and is, as aggressive in its restructuring and reallocation efforts, in its efficiency and quality improvement gains, as any university in this country. The energy to maintain the leading position of our research universities comes from faculties and staffs, and we must continue our efforts to convince the public and our political leaders of the importance of reinvesting in the American research universities.

### • The Big Ten Meeting •

The Big Ten meeting addressed both academic and athletic issues. The Council of Ten, that is, the president's group, met with the so-called Joint Group of faculty representatives and athletic directors to review and endorse the national Presidents' Commission's recommendations to the January NCAA convention on strengthening academic standards and refining some of the cost containment measures that passed last year, especially to provide greater equity for women's sports. The Council of Ten also requested of our athletic directors, collectively, proposals concerning further cost containment measures. A special effort has been initiated by the Council to address, and ensure, equal opportunity for women in athletics.

In addition to this and a session with MUCIA, the Council of Ten devoted an entire Sunday afternoon to the role of the eleven Big Ten universities in American higher education -- how to strengthen further the

leadership that the Big Ten universities have exercised -- and must exercise -- academically. Taken as a whole, there is no stronger grouping of universities anywhere in the world! These eleven research universities are a tremendous resource for the Midwest, for the nation. They are clearly a key to the future prosperity of this region, and by any measure, they are major contributors to the well-earned international reputation of American research universities.

**• The Midwestern Higher Education Commission •**

For many years, regional cooperation in part of midwestern higher education has depended heavily on another "Big Ten" grouping of eleven institutions, the Committee on Interinstitutional Cooperation, the C.I.C.. That grouping is the Big Ten, plus the University of Chicago.

We also have the Midwestern Universities Consortium for International Activities, Inc. (MUCIA), and for added representation in Washington, we have the Midwestern Universities Alliance. What we have lacked for many years is a broadly based umbrella organization for all of higher education in the midwest.

One is being built now, I'm pleased to report, with some of the initiative coming from our own political leaders in both parties. It's called the Midwestern Higher Education Commission, established in March, 1991, with the current membership of seven states: Minnesota, Illinois, Kansas, Michigan, Missouri, Nebraska, and Ohio. Five more states are eligible to join and are now considering membership: Indiana, Iowa, North Dakota, South Dakota, and Wisconsin.

This is not a coordinating body or controlling agency. It's a catalyst for positive change in educational policy, interstate cooperation, and resource sharing, a clearinghouse for information among the member states' higher education institutions and agencies, and a neutral convener of regional policy discussion. It's an example of a new spirit of cooperation among states, among political leaders, among professional leaders and universities.

It's our hope that the Midwestern Higher Education Commission will be housed right here at the University of Minnesota, in the former FMC building. The Commission has received proposals from schools in several member states, and they have narrowed the site selection to the University of Minnesota and Cleveland State University.

**• Council of Graduate Schools: National Study of Master's Degrees •**

Since coming back to Minnesota, one of my national activities has been chairing the National Study of Master's Degrees, sponsored by the

Council of Graduate Schools through the generosity of the Pew Charitable Trusts. Professor Clifton Conrad of the Wisconsin Center for Education Research serves as principal investigator.

Our own Dean Emeritus Robert Holt has been a driving force behind this important effort. Dean Barbara Solomon of the University of Southern California has also provided fine leadership as chair of a Steering Committee of Graduate Deans.

The product of this study will be a book, and I am delighted to say that a nationally prominent "reader" of the draft manuscript regards the book's potential as "standing aside the classic works on American higher education." I hope it will. The study is particularly important today, not because the master's degree is such a long-neglected area of study in higher education -- which it is -- but because of the unprecedented growth and diversification of master's level education throughout the nation:

- Since 1987, 300,000 master's degrees have been awarded -- one in four of all degrees at the bachelor's level and above;
- Over 80% of master's degrees are now awarded in the professional schools, rather than in the liberal arts and sciences.
- Over one-half of all the master's degrees awarded in the history of American higher education were awarded in the last 15 years.

What we are seeing today is the emergence of the master's degree as an increasingly necessary entry and advancement credential in the non-university workplace. We are seeing much more diverse clienteles for the master's, with all kinds of innovative delivery systems, including off-campus and electronic instruction. And, we are seeing the master's level as an increasingly popular opportunity to introduce new fields of study.

What we haven't been seeing, until this project, is what all these developments mean to the rest of the higher education enterprise -- how undergraduate education relates to these new opportunities, how the popularity of the professional master's degrees affects graduate education at the doctoral level, how the proliferation of master's degree programs affects competition and cooperation among different types of institutions.

These are critical questions for us. Master's degree programs have already grown to be a larger factor in meeting the needs of the nation's economy than most would have predicted, with new demands on universities for resources and curricular changes. I am encouraged that this study will help us develop our answers.

#### • ROTC •

After the NASULGC meeting, Wisconsin Chancellor Donna Shalala, Illinois Chancellor Morton Weir, and I met with Christopher Jehn,



Assistant Secretary for Defense for Manpower, to review ROTC issues. This meeting was our first opportunity to discuss directly with the Department of Defense the policy conflicts involving participation of gays and lesbians, their effects on our campuses, and the importance of seeking mutually acceptable solutions that can keep universities involved in the civil education of the military officers' corps.

We haven't found those solutions yet, but this was a good discussion that warrants further effort. The Big Ten Council of Ten has authorized further discussion, and we are making that request. The Department of Defense has indicated willingness to continue the dialogue. We will.

#### **• Basic Sciences/Biomedical Engineering Building •**

On an entirely separate matter involving the Department of Defense, we have some very good news about the possibilities of a significant federal contribution to our Basic Sciences/Biomedical Engineering Building.

Primarily through the efforts of Representative Sabo, but with bipartisan help in the Minnesota House delegation and help from both Senator Durenberger and Senator Wellstone, the section on Defense Agencies Research and Development in the Department of Defense appropriations bill includes \$ 10 million for our project. The bill was signed by President Bush on November 26, and this level of federal cost-sharing will, we hope, add considerable strength to our request for State construction funds in the 1992 legislative session.

I should note that this appropriation involves direct congressional action in an area where no peer-reviewed programs exist. It is thus not a circumvention of those important procedures.

#### **• Searches •**

Your appointment this month of Dr. Anne C. Petersen as Vice President for Research and Dean of the Graduate School marks the end of a successful search and the beginning of a new and important linkage between central administration and the Graduate School. Formally adding a system-wide Vice Presidential role to the Graduate School deanship is an organizational and management strategy that I recommended some time ago. We decided then to wait until the next opportunity to search for a new Dean, but over the last two years we've had the opportunity to develop and demonstrate the value of this dual role through the increasingly active involvement of Dean Bob Holt in the President's Cabinet and other central administrative structures. And, that development process gave us the extra benefit of further defining the position and gaining better insight into the experience and attributes we were seeking in this search.

I am very much gratified by the results. Dr. Petersen's successes as Dean of the College of Health and Human Development at Pennsylvania

State University, as Associate Director of The John D. and Catherine T. MacArthur Foundation's Health Program, and as an internationally known researcher in the field of adolescent development are all strong evidence that she has the leadership qualities we seek. I'm looking forward to her arrival in March.

The search process for General Counsel is very close to completion, and I hope to have a recommendation to the Board for action at the January meeting.

The search for the Athletic Director for Men's Intercollegiate Athletics on the Twin Cities campus is also in its final interview stage, and the search for the Head Football Coach is well underway. In both searches, I have reaffirmed our determination to:

- provide good education for the student athletes,
- play by the rules, and
- field competitive teams.

I will announce my recommendation for men's Athletic Director as early as possible, because that recommendation has such direct implications for the football coach search.

Membership rosters of all three of these search committees are appended to my report.

Before I leave the topic of searches, I must add that I am much relieved that we will not have to search for a new Athletic Director for Women's Intercollegiate Athletics on the Twin Cities Campus. Ms. Chris Voelz withdrew from consideration for the Executive Directorship of the U.S. Volleyball Association, a position that I know was very attractive to her. I appreciate her decision to stay with us and continue her leadership.

## **Appendix: Search Committee Membership**

### **General Counsel**

Chair - Mark L. Brenner, Associate Dean, Graduate School  
 Jennifer Alstad - President, Minnesota Student Association  
 Patricia J. Bauer, Assistant Professor, Institute of Child  
 Development  
 Ann M. Burkhardt, Associate Dean, Law School  
 Carol A. Carrier, Associate Vice President, Academic Affairs  
 Jean M. Goldsberry, Executive Assistant, Support Services  
 David S. Kidwell, Dean, Carlson School of Management  
 Diana E. Murphy, U. S. District Judge  
 Don Lewis, Esq., Popham Haik Schnobrich Kaufman, Ltd.  
 Donald G. Sargeant, Chancellor, University of Minnesota, Crookston

### **Men's Athletics Director, Twin Cities Campus**

Chair - Jack C. Merwin, Professor, Educational Psychology  
 Bud Ericksen, Ericksen, Roed/Johnston-Sahlman & Assoc., Inc.  
 Jean K. Freeman, Swim Coach, Women's Intercollegiate Athletics  
 Ray Gaffney, Proctor & Gamble  
 Geneva Southall, Professor, Afro-American & African Studies  
 Robert Stein, Dean, Law School  
 Tim Wolf, Student Representative to the Board of Regents  
 Douglas Woog, Hockey Coach, Men's Intercollegiate Athletics  
 Michael Wright, Chairman, Super Valu Stores

### **Head Football Coach, Twin Cities Campus**

Chair - Robert Stein, Dean, Law School  
 Mark Dienhart, Associate Director, Men's Intercollegiate Athletics  
 Elayne Donahue, Director, Academic Counseling, Intercollegiate  
 Athletics  
 Byron Egeland, Professor, Institute of Child Development  
 Keith Fahnhorst, Broker, Dain Bosworth, Inc.  
 Tom Mahoney, Retired Head Football Coach, Fairmont High School  
 Tim Kirschner, Athletic Trainer, Men's Intercollegiate Athletics  
 Jeff Schemmel, Coordinator, Athletic Compliance  
 John Williams, John M. Williams, D.D.S.